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Venezuela, Mexico, Colombia Postpone G-3 Ratification

PA0901233795 Mexico City NOTIMEX in Spanish 1847 GMT 9 Jan 95

[FBIS Translated Text] Caracas, 9 Jan (NOTIMEX)—Venezuelan Foreign Minister Miguel Angel Burelli said today that ratification of the Group of Three (G-3) Free Trade Agreement by the presidents of Colombia, Mexico, and Venezuela has been postponed to an undetermined date.

The Venezuelan foreign minister held a news conference and explained that the delay is due to the fact that Colombia has yet to take the necessary legal steps to make the agreement valid.

Colombian President Ernesto Samper, Mexican President Ernesto Zedillo, and Venezuelan President Rafael Caldera had planned to establish a satellite link to formalize the G-3 agreement, which went into effect on 1 January.

Burelli said the three countries' governments have not set a new date for the protocolary ceremony, but Foreign Ministry spokespersons said it might be held at the end of January.

The trade zone among the three nations will encompass a market of approximately 145 million people, with an overall GDP of more than $373 billion.

The Venezuelan foreign minister denied that the Mexican economy's "temporary crisis" is sufficient reason to review the terms of the agreement or to delay its implementation.

He indicated that "apart from the temporary fluctuations caused by the financial situation in Mexico, it will not affect the G-3."

Recalling that Venezuela had an "unfortunate experience" similar to the one being faced by its G-3 partner, Burelli expressed confidence that Mexico will maintain its leadership in Latin America and overcome the crisis.

Wasmosy Meets Lacalle, Menem on Mercosur Issues

PY0901171495 Asuncion ABC COLOR in Spanish 9 Jan 95 p 68

[FBIS Translated Text] President Juan Carlos Wasmosy returned to Asuncion on a private flight last night after spending three days in Punta del Este, Uruguay. According to reports, during his stay in Punta del Este Wasmosy met with Argentine President Carlos Menem and his Uruguayan counterpart Luis Alberto Lacalle. The latter were also visiting the city over the weekend.

Sources close to the president said the three presidents held informal meetings to discuss issues linked to Mercosur [Common Market of the South].

Wires coming from Punta del Este said President Lacalle, who has a summer residence in the city, had the idea of a meeting with his counterparts over the weekend. The Uruguayan president's brief rest in the city also ended yesterday.

The presidents arrived in the resort city on 6 January. They were all taking a brief break from their official duties.

A DPA wire said that on Saturday night the three presidents received Argentine citizen and world motorboat champion Daniel Scioli in the sports area of the local port.

The last time Menem, Lacalle, and Wasmosy met was in Brasilia on 2 January. On the occasion, the three presidents had a meeting with recently inaugurated Brazilian President Fernando Henrique Cardoso, Chilean President Eduardo Frei, and Bolivian President Gonzalo Sanchez de Lozada. The six presidents met after participating in Cardoso's inauguration ceremony.

On the occasion, Frei announced Chile's wish to join the Mercosur. Officials, however, did not specify the conditions for Chile's entry into the group formed by Paraguay, Argentina, Uruguay, and Brazil.

Government sources said President Wasmosy will work at Government Palace from Mondays to Thursdays and will take his vacations on weekends.

Meetings With the Opposition

Wasmosy also met with opposition legislators vacationing in the city, as he usually does when he travels to Punta del Este during January.

According to the report, yesterday Wasmosy met with Authentic Radical Liberal Party legislators at Senator Alfredo Luis Jaegli's residence. The meeting was attended by Deputy Francisco Jose de Vargas, Blas Llano, and Sergio Lopez.

During the informal meeting, the officials discussed the executive branch veto of the bill expropriating [Roberto] Antebi's lands in Concepcion and Pedro Juan Caballero. Wasmosy gave a detailed explanation of the reasons for vetoing the bill, but the opposition legislators, particularly "Pancho" De Vargas, refused to accept them. Senator Jaegli, however, said he shared the president's views.

Cuba

'Straight Talk' Views Rafters, Human Rights

FL0701174595 Havana Radio Rebelde Network in Spanish 1700 GMT 19 Dec 94

["Straight Talk" program with host Juan Carlos Roque Garcia and guests Eloy Concepcion and Renato Recio]

[FBIS Translated Text] [Roque] The riots in Panama are the subject of this edition of "Straight Talk."

[Recio] This is a problem. It was much more than a riot. There was a riot and repression, criminal and violent repression. As a Cuban citizen, I share our people's feelings and am offended by the way in which our compatriots there are being treated. They fled to the United States supposedly to seek refuge, thanks to the invitation the U.S. Government issued through its propaganda. Everyone knows that they ended up in true concentration camps in Guantanamo and Panama.

[Roque] A total of 600 rafters were reportedly detained during these violent riots. They were told to lie face down while their wrists were bound with plastic ties. Soldiers reportedly contained these riots not only to ensure the safety of those rafters who did not join in but also to ensure Panamanian sovereignty.

[Concepcion] What has, is, and will probably take place is understandable: This all started with propaganda aimed at the Cuban people through Miami radio stations controlled by the Miami mafia, encouraging people to flee Cuba for that so-called paradise.

I could describe the reports that you read of events at the camp on 7, 8, and 9 December...[pauses] By the way, what the rafters want is referred to in Panama as refuge...[pauses] As one of the clearest examples and the first encounters of the compatriots, as Renato called them. I am also offended to find that the Cubans there are learning the first lesson about what that consumeristic society is all about and are seeing an illusion that often blinds people.

[Roque] I have a bunch of reports from Mexico's LA JORNADA newspaper that recount the human rights violations. Xiomara Hernandez, 47, testifies that she has never seen as much abuse and as many beatings as she has seen in Panama. That is what happened, to a large degree.

[Concepcion] As many press agencies have reported, Xiomara understandably has never seen such treatment: She has never lived with capitalism. She may have been exposed to capitalism through the movies, since most of the movies Cubans see are U.S. movies. She has seen this only in the movies. She goes on to say that while she tried to run with her children during the riots, the U.S. soldiers did not care that she was with her children and arrested her and her children anyway. That is irrefutable evidence of that situation.

[Recio] I used the word compatriot. It is...[pauses] The word makes me think. I sympathize with (Cintio Evitier), the well known Cuban poet who wrote for JUVENTUD REBELDED. He wrote an article in which he suggested that Cubans feel somewhat responsible for the 30,000 or 40,000 Cubans lured by Yankee propaganda—Cuba's natural, expressed, and confessed enemy—who fled on rafts. They denounced their fatherland and nation and embarked on an adventure.

[Roque] Despite the deep problems of those people, many left for economic reasons.

[Recio] Yes, but...[pauses] First, we all have vicissitudes due to determined mistakes, due to the fact that European and Soviet socialism crumbled and that the U.S. blockade's effects on Cuba increased. The United States is also responsible for those vicissitudes. Believing in the one who creates those vicissitudes and accepting an invitation from the creator of those vicissitudes is to renounce patriotic and nationalist feelings, no matter how you look at it.

[Roque] Eloy calls them compatriots.

[Recio] No. They may have renounced these values, but they are victims. That person serves to reflect U.S. society, even though he may not have physically reached U.S. shores: In Guantanamo and Panama, he reflects the violence and disrespect they show toward man and the way in which that society manipulates people. These Cubans, who may not be revolutionaries but have been educated in the rebelliousness of revolutionaries—we, in Cuba, are educated to be rebellious against abuse—reject and protest the abuse. They are terribly mistreated in response.

[Roque] I am talking with Eloy Concepcion and Renato Recio about the rafters and human rights.

The press is reporting more of the rafters' complaints about the U.S. soldiers' abuse: The rafters claim that the soldiers pinned their heads under their boots until they confessed to participating in the riots. Another one of the Cubans being held in Panama confirmed this.

[Concepcion] Yes, what is really happening—and this is a mockery—is that every time the United States begins its international campaigns against Cuba and other countries on the problems of human rights, with its economic potential to buy media...[pauses] It is a mockery for them to proclaim themselves defenders of human rights, to stage an international campaign, and to promote resolutions condemning Cuba on human rights issues within different international organizations when it is on this very issue, the issue that we are discussing—the issue of the concentration camps in Panama and Guantanamo, a territory illegally occupied against the Cuban people's will—that the United States is a systematic violator of human rights. Take California's Proposition 187, which was recently approved but suspended: That is just one example of how that country, that self-proclaimed champion of democracy, flagrantly violates human rights and the press—that is, the so-called large press does not report on that.

That is why we wanted to take advantage of what LA JORNADA reported this week. Despite the great influence they have over the media, some newspapers feel obliged to report what those U.S. guards or soldiers are really doing, to report that they are pinning under their feet Cubans facing thousands of difficult problems in a concentration camp.

[Recio] Let me say one thing: This is very real. The use of the media and international press agencies is so real that at this very moment in Guantanamo and Panama there have been many more injuries than reported. There have been two deaths. There have been so many escape attempts and riots that there is no comparing it to the 5 August riots, which, to a large degree, were caused by the same people who departed. Nevertheless, media in the United States and many other countries exaggerated the exodus and put it on the front page of all the newspapers and magazines.

[Concepcion] There's also the freedom of the press fallacy. That is a great lie.

[Recio] A crime is being committed, and there is hardly any mention of it. They are committing a crime with those people. I consider it two crimes: They brought them to those concentration camps themselves and are abusing them within those concentration camps.

[Roque] The United States has caused this problem. They have caused this problem. They have told Cuba that they cannot solve the problem overnight. Nevertheless, conversations between the United States and Cuba will continue. Representatives from the two governments will meet again in a few days. They will debate the Cubans' situation in Guantanamo and Panama. How could the Panama situation shape the future—that is, the future of these Cubans?

[Concepcion] That is a problem that they have caused and a problem that they must solve. Cuba has respected the agreements and has held up its end of the bargain. The Cuban Government has officially reported that the U.S. Government is also holding up its end of the bargain.

Returning to the problem of the rafters and human rights, it is criminal to encourage people to cross the Florida Straits on unsafe rafts and later disseminate those images worldwide to give the impression that everyone in Cuba is leaving, that they would rather be eaten by sharks. Now, they are there. They must deal with the situation on the territory that the base is occupying and in Panama. By the way, the Panamanaian Government has said that they must find a solution to this problem by March.

[Roque] On the other hand, we are now being accused of letting them go.

[Recio] That is the height of cynicism. The truth is that their attitude has demonstrated that they were not even remotely concerned about those people's well-being. They used those people as instruments of their policy. They are demonstrating this in a very crude way. This is a great lesson, a great lesson not only for those who are in those conditions but also for the entire people of Cuba who can once again see the true inner workings of U.S. policy on Cuba.

[Roque] We have made an analysis based on the testimonies of the very rafters, testimonies received through the many press agencies and disseminated by LA JORNADA. These stories are hair-raising. No Cuban during these 35 years has ever seen what they have seen during these past two or three days in Panama.

[Recio] Yes, Juan Carlos. In Cuba, no one has ever seen a man thrown to the floor and a soldier with his boot on top of his head. That has never been seen nor will it ever be seen. I also wanted to say something I believe is important: In Guantanamo, things have not been any better. But, we must reemphasize that, in Guantanamo, the Cuban Coast Guard has risked their own lives, on more than one occasion, to save the rafters who have fled from that hell. They have preferred, in this case, to cross the minefield—and in some cases, they have even been encouraged to do so [words indistinct] what the true essence of the Cuban people is. No one can teach the Cuban people about humanitarianism, human rights, compassion, or understanding.

Vietnamese Communist Party Leader Interviewed

PA0601123395 Havana PRENSA LATINA in Spanish 0854 GMT 4 Jan 95

[By Fausto Triana: "Vietnam: New Paths, Written Story on 'Exclusive' Interview With Do Nuoi, Leader of the Communist Party of Vietnam, Considered To Be Among the Most Brilliant Economists of the Indo-Chinese Country"]

[FBIS Translated Text] Hanoi—It would be worth asking him for the formula of so much energy at 79 years of age, almost eight decades of life. By the way, without the advantage of luxuries and rest, he is considered among the most brilliant economists of Vietnam and is the current secretary general of the Communist Party.

Do Muoi is not a man who resorts to circumlocution. He relies on his notable sense of humor to circumvent difficult questions and prefers to use direct and profound language, as applies to a meeting with the IMF director or a foreign journalist.

By chance, the spelling of his name is similar to that of the reforms being implemented by this Indo-Chinese country, namely, the "Doi Moi," to which he has been closely linked first as economy minister, later as prime minister, and as leader since 1991 of the Communist Party of Vietnam (CPV), in which he has played a central role.

I felt like a hunted hunter as he surprised me at the very outset of this exclusive interview with PRENSA LATINA: What is your opinion about the renewal policy launched by Vietnam eight years ago?

I gave him my sincere opinion, and I felt as if he was assessing my words as he listened to them, until I found the right moment to retake the offensive, to ask about the characteristics of a process that has restored international notoriety to the Indo-Chinese country, this time through the weapons of development.

[Muoi] As you know, the "Doi Moi" started in 1986 has achieved important initial results that have given us much encouragement. Past experiences have made us understand economic progress must be linked to cultural development, to education and health, as well as to the handling of other social issues.

We are facing three enemies: Those who have tried to seize our territory, extreme poverty, and underdevelopment. We can say today we have journeyed down an important stretch of our path, but we must do much more to achieve the well-being and prosperity our people deserve.

The disciple of national hero Ho Chi Minh, who has a lengthy but little publicized career that is beyond any doubt, the man who established the guidelines to reduce a galloping inflation of 600 percent to a single digit in 1993, also has voiced his concerns about the future.

[Muoi] We must maintain strict control over inflation, achieve real growth, restructure the fiscal system, transform the state apparatus, attract more foreign investments, create new jobs, and promote infrastructure development.

It will take us 20 to 30 years perhaps to achieve full industrialization and modernization in the country, but we will get there, for sure.

To stress his statements, he frequently hit his seat with his right hand. He showed no intention of placing time limits on his dialogue with PRENSA LATINA, and this attitude gave me confidence to leave a preconceived program. I reminded him Vietnam will mark in 1995 the 20th anniversary of the end of the war against the United States; that is, on 30 April.

[Muoi] The preparation of ceremonies to mark a historical date, without minimizing its importance, is done in a matter of days. The most complex task for us in the new year will be to draft a strategy for the 21st century and to organize the eighth congress of the CPV in 1996.

We must also give special attention to new issues emerging from the process of changing to a market economy, including fund embezzlement, squandering, and, above all, corruption, illegal commerce, and other crimes and social vices.

With its "Doi Moi" policy, Vietnam has become the Third World exporter of rice and the fourth producer of petroleum and coffee grower in Asia. It has accumulated more than $11 billion in foreign investment and hopes to double its annual per capita income ($220 at present) by the year 2000.

Ready to join one of the groups that has shown the most dynamic economic growth in the world, the Association of Southeast Asian Nations, the country considered by many as the next tiger or dragon of the Far East, has faced the phenomena of corruption and merchandise contraband.

[Muoi] The struggle against corruption is a pressing task for our organization. It is a vital task, because corruption runs counter to our revolutionary principles. We have achieved certain things. We now severely punish detected cases, but our measures are still insufficient.

I believe a substantial transformation of the state apparatus in 1995 and a more active mobilization of the people and media will help continue this war to the death against those crimes and social vices.

Picking the right time to ask a delicate question is some sort of guessing game, especially if we are talking about a person who has suffered in his own flesh from fascism, the French colonial period, and the U.S. invasion, a person who even in his position as maximum leader has a reputation for living under absolute austerity.

I would rather take the risk of being laconic: Human rights?

[Muoi] It is difficult to speak of human rights to a country such as Vietnam, with 19,933 mothers of war martyrs, 300,000 soldiers missing during the conflagration in Indo-China, and a country still suffering the effects of agent orange among its population.

In any case, we could complain about the violation of our most fundamental human rights to which we were submitted during four decades. The disrespect for the sovereignty of a state is listed in the UN Charter as a human rights violation.

Nevertheless, Vietnam has repeatedly demonstrated its desire to close the chapter of the war and establish relations of friendship and cooperation with all members of the international community. We are continuously expanding our ties with foreign countries, making it clear we want peace but without jeopardizing the dearest achievements of independence, sovereignty, and socialism.

[Triana] And the United States?

[Muoi] Following the lifting of the economic embargo on 3 February 1994, the United States and Vietnam are working to normalize their ties and will soon open liaison offices in Washington and Hanoi.

We want to build a peaceful, independent, united, and democratic society, based on its rich cultural traditions and adherence to the progressive trend in humankind. In sum, that is the orientation of socialism our people are struggling to accomplish.

The clock is ticking, the conversation nearing 60 minutes. Do Muoi is still ready to talk, however, and I, without hesitation, decide to ask a question.

[Triana] As every political and economic strategy, the "Doi Moi" has a high chance of succeeding and a high chance of failing. What is your assessment of the current balance of the Vietnamese renewal?

[Muoi] The renewal is also a revolutionary process Cuba and Vietnam have undertaken with dignity and confidence in the ultimate victory. For us, it has a special meaning regarding the destiny of our nation. It is an experiment at a fast or slow pace. We still do not know.

The path undertaken by Hanoi does not have a precedent in history, therefore, while learning our own experiences, we learn from friendly peoples to make life better every day. The preliminary conclusion is that there are inspiring results and many reasons to be optimistic.

[Triana] Cuba and Vietnam have endured the test of time and preserve a friendship the leaders of both nations have termed as exemplary. Will these two people win in their struggle to build socialism under adverse conditions?

[Muoi] The past of struggles, of legitimate revolutions of Cuba and Vietnam cannot be ignored. That point is why I feel confident and am convinced we will both overcome the current difficulties without renouncing the Socialist project.

There are differences in the realities of the Caribbean island and our country, among them population (11 million versus 72 million), levels of industrial development, higher education, and infrastructure (in Cuba). These points contrast with an agrarian society (Vietnam) that controls 80 percent of our territory, in addition to a distant geographical location and other peculiarities.

Nevertheless, there are more similarities than differences. We have suffered from the hostility of the U.S. economic blockade, which is still maintained against Cuba. We defend our independence and sovereignty, and we are committed today more than ever not to give up our accomplishments.

[Triana] And socialism?

[Muoi] Socialism is a noble and elevated ideal of many generations of men, because its objective is to create a just and happy society. This path is not an easy one, but I have no doubt in my mind the Cubans and Vietnamese will find the convenient ways and steps in keeping with the characteristics of each nation, to make our dreams come true under the guidance of the party.

He pauses and carefully looks at me, as if trying to find out whether I am happy with the interview. He has not drifted away one single minute in his statements despite the fact he is nearing 80 years of age. And he perhaps uncovered my thought by concluding:

[Muoi] My greatest aspiration is to perceive the continuity of the process with the new generations playing an important role. I want to leave in place the spirit of unity and patriotism of our dearest Vietnamese land. These are new paths, but history has already been written.

Canadian, Paraguayan Parliamentary Delegations Arrive

FL0901223995 Havana Radio Rebelde Network in Spanish 1800 GMT 9 Jan 95

[From the "National Radio News"]

[FBIS Translated Text] A meeting is being held in Havana between the Canadian parliamentary delegation and Education Minister Luis Ignacio Gomez. The Canadian delegation has travelled to Cuba at the invitation of the National Assembly of the People's Government [ANPP], which extended the same invitation to a delegation from the Paraguayan Chamber of Deputies.

A lengthy meeting with Education Minister Luis Ignacio Gomez was one of the first official acts of the delegation from the Canada-Cuba parliamentary friendship group, led by its president, Senator (?Jacques Evert). Gomez is also president of the Canada-Cuba group in the ANPP, and during the meeting, both parties addressed issues of interest aimed at the strengthening of relations between the two parliaments. The Canadian delegation's agenda also includes meetings with the ministers of Foreign Investment, Foreign Trade, Science and Technology, and Foreign Relations, as well as tours of biotechnology and other educational centers in Havana Province.

A Paraguayan delegation led by (?Neri Filemon Gonzalez), vice president of the Chamber of Deputies, also began a visit to Cuba today, honoring the ANPP invitation. Leonardo Martinez, president of the permanent commission on production activity, met the Paraguayan parliamentary delegation at the Jose Marti International Airport. (?Raul Estigarria), president of the Commission on Industry, Trade and Tourism of the lower chamber, Vice President (?Lugmila Sanchez), and Representative (?Gustavo Caruvia) are also members of the Paraguayan delegation. A meeting with comrade Rodolfo Martinez Polanco, president of the ANPP Commission on Services, is scheduled for 2100 GMT today. During the balance of their visit to Cuba, the delegation will meet with Ricardo Alarcon, president of the ANPP; Ernesto Melendez, minister of Foreign Investment; and Ricardo Cabrisas, minister of Foreign Trade.

Both delegations will remain in Cuba until 15 January.

Delegation Meets With Alarcon, Cabrisas

FL1001025795 Havana Radio Reloj Network in Spanish 2103 GMT 9 Jan 95

[FBIS Translated Text] Canadian Senator (?Jacques Evert) and his delegation met today with Ricardo Alarcon, president of the National Assembly of the People's Government [ANPP]; Education Minister Luis Gomez; and Foreign Trade Minister Ricardo Cabrisas. The Canadian delegation is scheduled to meet with the ministers of the Fishing Industry, Science and Technology, and Foreign Investment, as well as with Cuban Foreign Minister Roberto Robaina and Cuban Vice President Carlos Lage.

(Stan Robinson), a member of the Canadian delegation, pointed out that the visit's goal is to identify areas in existing political and economic cooperation between the two countries that could be expanded and to create new channels for cooperation with the ANPP. Regarding the internationalization of the U.S. blockade of Cuba, Robinson stated that such extraterritorial measures were unacceptable to Canada.

Company, Panamanian Corporation Begin Prospecting

PA0801122095 Havana PRENSA LATINA in Spanish 0011 GMT 8 Jan 95

[By Dihur G. Tchamlesso]

[FBIS Translated Text] Havana, 7 Jan (PL)—The Cuban company Geominera and the Panamanian Minamerica Corporation have already begun joint prospecting in the Caribbean island's central region, where there are gold, copper, zinc, and lead deposits according to experts.

The prospecting work began in December according to executives of the two companies, confirmed by PRENSA LATINA. At the same time, they have congratulated themselves for their willingness to promote cooperation within the context of Latin American and Caribbean economic integration.

Julio Benedetti, president of the Mining Chamber of Panama and executive of Minamerica, has stressed the importance of the agreement signed with the Cuban enterprise in August and voiced optimism about the fruits the joint-venture might contribute to the two countries in the future.

With an initial investment of a little more than $500,000, the prospecting for precious metals began in three areas: Cifuentes, Corralillo, and Trinidad. The first two locations are in Villa Clara Province, and the last location is in Sancti Spiritus. It is a region near the Sierra del Escambray, where, according to studies by Cuban geologists in the past 15 years, it is believed substantial mineral reserves, particularly polymetals [polimetalicos], are located.

Benedetti toured the prospecting sites and observed the progress in the first phase of the prospecting, which will last a year. The two sides will decide at the end of this phase whether the areas of interest need to be expanded.

Within 12 months, the Panamanian businessman have stated, we will define the targets where we might concentrate. We are very enthusiastic now, and we hope the work we have begun will yield good results, he added.

The work done so far provides indications there is a favorable geology there. We will have a better idea about subsequent phases after a year, he has said.

Geologist Nancy Garcia de la Madrid, an official of the Cuban Basic Industry Ministry who is in charge of the group of Cuban experts participating in the joint project, spoke to PRENSA LATINA in the same hopeful tone.

According to her, the three sites investigated so far indicate a potential for gold, copper, zinc, lead, and other polymetals, as detected in biochemical and geophysical samples of analyzed soils. as well as the evaluation of anomalies.

Garcia de la Madrid heads the group of Geominera geologists who have just concluded an intensive training course in Panama and who are now working in the joint enterprise.

We are quite pleased to be working jointly with the Panamanian firm, the geologist has said, stressing the confidence Minamerica has bestowed on the Cuban experts, whose experience and professionalism have been described as being of a very high level.

Minamerica also operates in Argentina, where it is conducting activities similar to those it is carrying out in Cuba. It is also involved in prospecting in Panama, Julio Benedetti added.

Radio Cites Colombian Newspaper on Regional Integration

FL0701014995 Havana Radio Rebelde Network in Spanish 0000 GMT 7 Jan 95

[From the "Exclusive" program]

[FBIS Translated Text] Today's edition of EL TIEMPO, Colombia's most influential newspaper, includes an article that states that Cuba and Fidel are important elements to Latin American and Caribbean history. The article also stresses that it is impossible to speak of regional integration without including Cuba.

Caricom To Integrate Economies, Stabilize U.S. Ties

FL0801203095 Bridgetown CANA in English 1937 GMT 8 Jan 95

[FBIS Transcribed Text] Georgetown, Guyana, Jan. 8, CANA—The second meeting of the joint Caricom [Caribbean Community]/Cuban commission will bring the two sides one step closer to integrating their economies in 27 different areas, says Cuba's ambassador to Guyana, Ricardo Garcia. The meeting takes place in Havana Jan 17 and 18.

"In the last twelve months, Cuba has handed over project documents relating to ten areas of possible cooperation and they have been studied by governments in the Caribbean," Garcia told reporters here. "We are going to analyse the developments of the cooperation programmes and the integration which involves more than ten fields such as fishing, biotechnology, human resources and the environment," Garcia added. He said issues related to the environment, air transportation, the exhange of commercial information and opportunties for closer tourism links between Cuba and Caricom would also be discussed. "We are working hard with the Caribbean to achieve multi-destination tourism. This will create the possibility that tourists visiting Cuba and the Caribbean could move from one place to another in the region and so bring economic benefits to the entire region," the Cuban diplomat said.

Garcia said the two-day meeting would also assess the first "action" agreement signed in Georgetown last year and study new forms for the "consolidation and development of the integration process of Cuba and the Caribbean".

"This objective is also registered within the common aims of the entire Caribbean in the already established Association of Caribbean States whose role and importance have been highlighted by Cuba," he added.

The Cuban ambassador explained his country would welcome any moves by Caricom states to create a more stable climate between Cuba and the United States. He expressed satisfaction with efforts so far by Caribbean and Latin American countries to help to forge better relations between the two countries.

Editorial Recalls Castro Remarks on Efficiency

FL0901165495 Havana Radio Reloj Network in Spanish 1504 GMT 9 Jan 95

[FBIS Translated Text] TRABAJADORES publishes an editorial on 9 January saying that the union movement—its cadres and activists—and all Cuban workers must reflect on Fidel Castro's remarks during the final session of the most recent round of National Assembly of the People's Government [ANPP] sessions.

The editorial stresses that Castro's words are the best guidance for 1995 and strongly support workers' efforts toward increased efficiency. The editorial says that his words indicate that Cuba is following the right path and that Cubans must develop the union movement as much as possible. The editorial adds that the reforms and changes implemented in Cuba are different from those in other countries, since Cuba aims to preserve independence and the Revolution and not to give away the country.

The editorial notes that Cuba needs foreign investment: It lacks the capital to boost the economy and develop sectors with the greatest potential. The editorial also asks readers to weigh Castro's ANPP remarks, when he stressed that Cuba's efforts do not compromise its best interests. Castro described Cuba's decision to follow its own path as heroic, reasonable, and intelligent, as indicated by the first positive results from the new measures that have been implemented.

TRABAJADORES says that efficiency must be increased and that proven methods must be incorporated, despite the huge shortages of the special period. The newspaper says that Cuba was unable to achieve efficiency in the past, when resources where abundant, due to material waste and excess numbers of workers.

The editorial adds that unions have their share of duties and understand that the defense of workers' fair rights cannot oppose the correction of those past mistakes. It also cites Castro's remarks during the last round of ANPP sessions: We must encourage the work force to increase efficiency; however, the problem is how to accomplish this goal by using the best possible alternatives.

The editorial concludes by stressing that increasing efficiency and protecting workers rights is a mission for all Cubans.

Radio Cites Alarcon on Economic Recovery

FL0901140595 Havana Radio Progreso Network in Spanish 1200 GMT 9 Jan 95

[From the "First Thing" program]

[FBIS Translated Text] Ricardo Alarcon, president of the National Assembly of the People's Government, has said that Cuba's economic recovery is beginning just as our enemies are claiming that the Revolution is over.

Commentator Highlights Article on 'Special Period'

FL0701184295 Havana Radio Progreso Network in Spanish 1100 GMT 7 Jan 95

[Commentary by correspondent Nestor Nunez; from the "First Thing" program]

[FBIS Translated Text] Reports that bear no resemblance to reality on the street—that is, reports should reflect reality on the street—or that are loaded with cliches that no one listens to or with permanent justifications which impede further investigation can be safely thrown into the garbage. Nothing will be lost.

I salute colleagues who are polemical, who criticize, and who, from a patriotic standpoint, try to reflect the world in which they live, the contradictions, the anguish, and the happiness that comes with every day. All of this is done with the idea that things can improve and with the need to broaden man's convictions and criteria in mind.

If you get the chance, get hold of BOHEMIA's 23 December edition. The cover is a photograph of people on G Street and bears the headline: "1995, Bring in Hope." I recommend the Ariel Terrero's article on page 38, in which he evaluates how Cuba fared in 1994.

With his express permission, I take this opportunity to use this segment to relay some of his opinions. I begin with the one that states that after calculating, speculating, prognosticating, and even dreaming about the special period's end, people are realizing that Cuba will not pull out of the crisis in a predetermined period of time. There will be no lucky breaks, miracle oil wells, unpredicted changes of destiny, fairy godmothers speaking in Slavic languages, or chosen people. Not even the lifting of the U.S. economic blockade can guarantee that Cuba will emerge from the crisis overnight. Terrero goes on to point out that Cuba, its institutions, and the people are slowly adapting to the changes that are being tested as a form of surviving and continuing to make love amidst a storm which will die down without a care. Maybe after this storm of the '90s concludes, few will remember that it was called the special period. Terrero goes on to state that the road that lies ahead for Cuba has dangerous curves, steep cliffs, and wet areas but that it is a road. While Cuba goes down this road, it faces many contradictions, between old bureaucratic and centralist habits and the need to open more areas to foreign investment and internal liberalization and between the old vice of egalitarianism and the rise of socially differentiating elements, which do not come thanks to one's sweat.

Terrero concludes by stating that at this stage of the '90s, people have quit wondering how long the special period will last. They are now asking: What will Cuba be like after the crisis? What course will the Revolution take to stay afloat—with its head held high—during the worst storm of its history?

Young People View Job Market

95CA0080B Havana BOHEMIA in Spanish No 24 25 Nov 94 pp 11-13

[Article by Nancy Cala]

[FBIS Translated Report] A child usually tells "what he wants to be" when he grows up, and others accept any wild idea of his imagination as valid. An adult exaggerates what he really has achieved when asking himself "what am I"? But a young person wants more. When asking "what shall I be?", or "what shall I do to become that?", he wants to combine dreams and action.

Having expectations in life and struggling to fulfill them is not an exclusive quality of youth, but at that age they assume a special significance. They determine to a large extent the direction that the man or woman will take. For this reason, questions such as "to what do the youth aspire?" or "what are their chances for achievement?" may be found both in informal conversation among adolescents or at a family gathering, and in an academic session.

"I dream of a better period, when I won't have to spend nearly all my time on survival." "I would like to have what I see in these magazines; I don't mind saying that goods are my thing." "I need stability in love most of all." "I want the country to emerge from the special period." "My greatest desire is to have a house for my son and my wife." "What I want is peace of mind." In its investigation, BOHEMIA found diversity, for the most part.

At least the young people queried by the magazine have not given up dreaming. Although some waste their anxieties on laments and, distrustful of almost everything, do little for their future, others focus their dissatisfactions and clearly demarcate what they want to change. With the impetuousness typical of their age, they believe that they have time and strength to conquer the world, and attempt to do so. These youths (who are in the majority) set goals, experiment with paths for attaining them, succeed and fail, and consider the possibilities with which they can act.

Some aspire, basically, to fundamental material benefits, such as food and housing; others demand love and happiness. Some concentrate their expectations on the individual area; others deem it necessary to connect them with the social area. There are some who are greatly concerned about the present, and some concerned about what to do today so as not to lose out later.

Amid such diversity, only the family emerges as a recurrent factor. Because it lies at the very foundation of society, it is the institution that has most suffered the onslaughts of the changes; and perhaps the youth (contrary to what is commonly thought) perceive the need for its preservation. Some associate it with emotional needs; the majority, with matters of a material nature.

University graduates Maria Isabel Dominguez and Maria Elena Ferrer, from the Center for Psychological and Sociological Research (CIPS), under the Ministry of Science, Technology, and Environment, have studied the issue of youth for several years. They recently have devoted their efforts to evaluating the impact of the special period on this part of the population. Their recent works show that young people are prioritizing their aspirations related to material living conditions (44.1 percent) and those linked to the family (12.7 percent).

A very close relationship between these two lines was discovered by Doctor Carolina de la Torre (from Havana University's Department of Psychology) in her studies aimed at a psychological characterization of the Cuban's identity.

Several young mothers queried by BOHEMIA agree in stating that they are now thinking much more about how to ensure their children's food and clothing, and about taking care of them so that they will not become ill. Worried about the daily search for the most fundamental things, they are concentrating their aspirations on immediate matters, in which the material and the familial are combined. Others, who also claim to be driven by the elementary economic demands, said that they were trying to find a new job "with a search," or doing business, or hoping to emigrate, so as to help the family (in some way).

People have always sought (material and spiritual) well-being. This has been a constant and quite legitimate aspiration, giving an impetus to much of human activity, however, depending on the social conditions and the individual's own priorities, very different paths are taken to attain that goal.

Inadequacy of the Illustration

A 28-year old physician commented: "When I was a boy, they used to tell me: 'Get an education, so that you won't have difficulties.' I am a professional now, but I am worse off than my friends who didn't get an education, and some who don't even work." He blames "the times that have changed," because he still wants "a good living standard and social recognition."

In the research conducted during the 1980's, the fundamental aspiration claimed by young people was self-improvement: something that applies to only 7.3

in the recent studies. At that time, becoming a professional was a way of gaining social prestige and the fundamental means of achieving a relatively high living standard (with a good real salary, and the possibility of having a car and traveling). It was a way of obtaining a more comfortable job, generally an urban one, with little physical stress and greater independence and decision-making power. Besides the aspiration per se, self-improvement was the means for approaching the real goal: well-being.

Now, fewer are entering higher education, primarily because there are fewer opportunities. In keeping with the country's requirements, polytechnical education and highly specific university courses are given priority. Nor does the family demand it so much, aware that professional self-improvement is ceasing to be so effective for attaining the real goal. Psychologist Zoe Bello expresses this opinion: "In the past, mothers wanted their children to become doctors, because that would ensure them a future. Now, they want them to be tourist taxi drivers. I believe that this is all right; it is legal; it means associating yourself with something that tells you that you will make a better living. It should be confronted realistically and without prejudice."

The CIPS specialists agree that the fundamental impact of the special period has not been on the expectations (people still aspire to the same type of well-being), but on the means for fulfilling them, which have had to be readjusted. Hence, various methods and options have been gaining ground, ranging from those promoted socially to the irregular types, or others that are overtly illegal.

How To Awaken?

For a long time, work has been the natural method of gaining access to well-being, however, nothing escapes the cyclical vicissitudes. Young people are reaching their working age at an especially difficult time for the country. Some sectors of the economy have had a decline in their employment capacities, and others that do accept new personnel hirings (such as those associated with scientific development) demand of the young person a high degree of training which, of course, only a few achieve. Furthermore, work paid with a low salary evokes very little motivation.

This is why the UBPC [Basic Cooperative Production Units] or state centers in which the workers are compensated with other advantages are more popular. "I take care of my job like gold," said one young woman, who refused to reveal the location. "I can't buy the little shopping basket of goods anywhere else, not even with a better salary. Do you realize what that solves?" And even more coveted by young people are the jobs in mixed corporations and companies, which (in some way) link them with the foreign currency market.

A 27-year old laborer explains his determination to resolve basic necessities which (he claims) cannot wait: "Right now, I am considering changing jobs, because I have already spent five years at my center, and have not solved the problems that I had when I arrived there (I still don't have a house, and live as a sharecropper). I must find a job that will give me benefits, and enough to make a living, something like the restaurant business, in a hotel. I am studying English at night for this reason."

Many of those seeking these new legal expedients are interested in meeting their individual demands based on their own effort, but without giving up the social commitment.

There are others with expectations not geared to our context, who are seeking a marriage of convenience with foreigners, or trying to solve their problems through reprehensible means.

It is not a majority of youths who think or act in this way, but they do exist. Some of them actually gain access to that well-being, reduced to its material form, and they show those who are working that they have achieved it "easily and quickly." The most disturbing thing is that a high level of consumption is now being considered by a part of the population as a criterion for social status.

In the CIPS research, it is noted that, "Today, most of the channels for access to material well-being entail alternative values, and the individual's capacity to violate the established standards and values." There is no recourse left but to give equally effective preference to the rule of the value of work as an authentic generator of material and spiritual wealth, as an example to the youth.

[Box, p 13] Effects of the Special Period on the Youth

On employment: An increase in dissociation from work and underemployment among the groups linked to the irregular sector and to the underground economy. Changes in the structure of jobs, with more demand for a work force in basic sectors of the country's development: enterprises associated with tourism, and with vanguard scientific and technical activity; and jobs linked to the agricultural-livestock sector.

On young people's expectations: Maladjustment between expectations and real opportunities for meeting them. Debilitation of the value of work.

All these processes are reflected in other impacts of quite varied types, ranging from active positions for heightening social participation and contributing to the solution of problems to expressions of social criticism of certain areas of the society's functioning, or even of the social design itself.

(Results of the sociological research)

Complex Faces Sugarcane Supply, Organizational Problems

FL0701142695 Havana Radio Rebelde Network in Spanish 1800 GMT 6 Jan 95

[From the "National Radio News"]

[FBIS Translated Text] Pinar del Rio Province's 30 Noviembre sugarcane complex encountered organizational problems after getting off to a good start, problems that caused 48 hours in downtime in one week. Manuel Cabrera Peinado has more:

[Begin Cabrera recording] First, I would like to salute all "National Radio News" employees on the program's third anniversary.

The 30 Noviembre sugarcane complex underwent major repairs before the grinding process began. The complex had always had industrial problems. With those problems resolved, the complex now faces a sugarcane supply problem. The complex has a daily grinding capacity of 600,000 arrobas. San Cristobal, Los Palacios, and Candelaria Municipalities have been assigned to ensure that the complex receives that amount of cane.

Among the organizational problems—in my opinion, these problems are unusual—was the fact that five brigades abandoned the sugarcane fields because there was no lunch. A similar situation happened with several groups of combines: The workers were not taken care of properly.

Maria del Carmen Concepcion Gonzalez, Cuban Communist Party first secretary in Pinar del Rio Province, stressed during a recent visit to the 30 Noviembre complex the need to solve problems immediately and to improve the attention given to workers in general. Gonzalez instructed the workers union to obtain the work force needed as soon as possible. There is a 30-percent deficit in the work force. [end recording]

More on Sugarcane Demand Problem

FL0901161295 Havana Radio Rebelde Network in Spanish 1255 GMT 9 Jan 95

[From the "Doing Radio" program]

[FBIS Translated Text] Cuba planted more than 20,000 caballerias of sugarcane in 1994. Although this is more than was planted in previous years, the figure still does not meet the demand. It should be no less than 30,000 caballerias. Only Havana reached its upward goal of 1,400 caballerias in 1994, while Santiago de Cuba and Guantanamo were the closest to meeting planned levels. Analysts believe delays in soil preparation and the protracted 1993-94 harvest are the basic factors that hindered better results. Approximately 19,000 caballerias will be planted during the spring 1995 planting campaign and some 12,000 caballerias during the winter planting season, which, upon completion, will constitute the best results in the last few years.

Tourist Information Network Enjoys Successful Year

FL0701015095 Havana Radio Reloj Network in Spanish 2041 GMT 6 Jan 95

[FBIS Translated Text] The palace of tourism [palacio del tourismo] counts among its successes of 1994 excellent management and service to foreign and Cuban visitors in Havana. More than 8 million pesos were taken in during the year, 2 million of which were in foreign currency that contributed to the economic self-sufficiency of the institution created in August 1990. The palace of tourism has a network of Infotur information installations throughout Havana, which have been very successful for this up-and-coming sector. The first money exchange office to exchange foreign currency for convertible Cuban pesos will open soon in one of the palace of tourism installations.

BOHEMIA Criticizes False Reporting

95CA0080A Havana BOHEMIA in Spanish No 23 11 Nov 94 pp 36-37

[Commentary by Luis Sexto]

[FBIS Translated Text] A philosopher used to claim that man lives unarmed, compared to the tiger with its fangs, the elephant with its trunk, and the crocodile with its jaws. And another sage, cynical by doctrine or from disillusionment (it is still unknown), contradicted him: "Unarmed? No. Man possesses lying."

In fact, the latter has served for attack or defense on the multiform chessboard of social relations. It is equivalent to the change in color on the skin of certain reptiles, because lying masks, confuses, and evades. With it, the criminal denies his crime, the unfaithful his disloyalty, the swindler his fraud, and the irresponsible his unreliability.

But, while agreed that lying is a weapon, common opinion differs regarding its legitimacy and use. The tiger is not reproached for its fangs, nor the elephant for its trunk, nor the crocodile for its jaws. On the other hand, religious and civil codes, and priests and moralists, have repudiated lying. Perhaps the only exception is a utilitarian ethic, which could offer as a theoretical excuse the maxim of the bourgeois Florentine, Niccolo Machiavelli (the end justifies the means). This is the only thing that would not be upset by the childishly adult tale of little Pinocchio's exasperated nose.

Thus, there is almost universal consensus that lying dishonors and corrupts the one using it, and angers and cheats its victim. Moreover, the general experience is that it is more corrosive when it moves into the public realm. Its effects there become pluralized, causing collective distrust and demobilization. And what I have been saying is just the introduction to a discussion of a certain amount of lying that has infiltrated our society, especially in matters involving the economy. In Cuban common parlance (more imaginative and bold than the surrealistic language of poetry), its practice is called "the balloon." In other words, it is inflated, false talk, capable of bursting in its void with the scratch of a fingernail.

It must be admitted that, at times, false data and deliberately inaccurate assessments have been slipped into certain reports and statements of enterprises and administrative entities. The examples are well known. Recently, a director of a sugar industry in one province was dismissed for reporting as planted an area that was displaying to the passerby a dense undergrowth of weeds on untilled land. And years ago, during the 1970 harvest season, false estimates of cane supplies were signed, or there was a forced signing of them. In other sectors as well, projects still under construction were reported as finished.

I could continue enumerating the practice of "the balloon." However, what is basic now is to penetrate the real situation and arrive at the essential causes, which are alien to revolutionary ethics. The Revolution dissolved the marriage between lying and the republic that had been forced by the corrupt notaries of the neo-colonial governments. Truth has been the slogan and principle of the Revolution. Even during the war, its reports and commitments were backed by the integrity inherited from the virile, honest, patriotic ethics of Jose Marti, to whom one's word must be in the service of truth. In judging these acts, the proper distinction must be made between Revolution and revolutionary or pseudo-revolutionary.

And how and why has lying suddenly crept into our midst? The causes are multiple, and many of them will evade the eye of this analysis. But the first and, in my opinion, the principal one is the bureaucratic mentality influencing Cuban society. It has already been said that bureaucracy and the tendencies accompanying it appear when men (he, you, I) irrationalize work methodology to the point of avoiding and losing sight of the social objectives of the task or function. And such a methodology, disoriented, empty, and stereotyped, seeks a meaning, a purpose, becoming overlapped with bureaucratic, personal or group interests.

Hence, lying has been a defensive weapon of the bureaucracy, a way of keeping interests and positions protected. And, consequently, mistakes or shortcomings are covered up with the despicable false coloring of the information or with mendacious justification. And certain chiefs and officials have banished truth, at least the most deepseated and revealing truth, and have demanded unanimous acquiescence, or the most rosy, complacent depiction of problems. Anyone violating that surreptitious rule has had to confront a thousand subtle and at times crude bureaucratic reprisals.

Lying may also originate in a militant ideological aberration. I can find no better way of describing it than by recounting a recent incident. It happened to a radio reporter while she was investigating the quality of the service on a capital bus route. Someone at the terminal informed her: The buses leave every 20 minutes; everything is in order. At the nearest stop, the riders lined up gave their version: "20 minutes? would that it were so! The buses come by every two or three hours." The reporter published both reports and, the next day, the aforementioned employee called her, asking: "Why did you do that, comrade, when I only told a revolutionary lie to protect the country?"

What an argument: to defend the revolution by discrediting it! If a political banner must be pinned on lying, it would have to be given to the rag of the counterrevolution. Lying is essentially counterrevolutionary because, whatever its intent, the result tends to destroy public confidence in the political ideas and people predominating in the society. Lying and false reporting achieve something more: They sidetrack the effectiveness of the government, whose mission is to foresee. And who can foresee when faced with a reality that reaches him shrouded in mist or darkness?

In short, the truth of the Revolution is greater than the lying practiced by bureaucratic mentalities or unscrupulous consciences. It is for this reason that the nation endures, and rises up amid its mistakes and inadequacies. And it will become morally reinforced the more it fights, hunts down, and punishes the use of this masked weapon eating away at the bone, and the more alert it is to the fact that lack of control, apathy, complacency, and cowardice could leave the truth defenseless.

Roundup of Politburo Members' Activities

FL0601191195

[FBIS Editorial Report] The following is a compilation of reports on the activities of members of the Politburo of the Cuban Communist Party Central Committee monitored through 6 January 1995.

Esteban Lazo Hernandez spoke of the outlook for 1995. He stated that despite difficulties, Havana's economy has grown 3.5 percent and many industries are obtaining good results. (Havana Tele Rebelde and Cuba Vision Network in Spanish 0100 GMT 3 Jan 95)

Nelson Torres, minister of the Sugar Industry, awarded three sugar brigades banners for their outstanding performance. (Havana Radio Progreso Network in Spanish 1200 GMT 3 Jan 95)

Pedro Ross Leal thanked German workers and union officials visiting Cuba, who urged Cuban workers to defend accomplishments of socialism. They stressed unemployment woes in reunited Germany. (Havana Radio Rebelde in Spanish 0000 GMT 4 Jan 95)

Alfredo Jordan praised efforts of the people in Granma Province to meet production goals. Jordan toured different enterprises, praised efforts made to increase water supplies. (Havana Radio Rebelde Network in Spanish 1000 GMT 4 Jan 95)

Alfredo Jordan has presented an award banner to the Tanya la Guerrillera female brigade for coffee harvest efforts. (Havana Radio Rebelde Network in Spanish 0000 GMT 5 Jan 95)

Candido Palmero said in Havana Province on 4 January that the climate, quality in planting, and new motivations make possible increased food production efforts for the farmers' markets. (Havana Radio Progreso Network in Spanish 1200 GMT 5 Jan 95)

Esteban Lazo, Maria de los Angeles Garcia, and Abel Prieto, as well as Minister of Higher Education Fernando Vecino, and Minister of Culture Armando Hart, have chaired the ceremony marking the 267th anniversary of the University of Havana held at the former site of the university in La Habana Vieja. (Havana Radio Rebelde Network in Spanish 1800 GMT 5 Jan 95)

Alfredo Jordan has announced that more than 1.3 million hectares throughout Cuba were transferred to the Basic Cooperative Production Units, and that this new concept, along with the creation of farmers' markets, has encouraged an increase in food production. (Havana Radio Rebelde Network in Spanish 1800 GMT 5 Jan 95)

Alfredo Jordan stated, during an award ceremony in Santiago de Cuba province honoring veteran livestock breeding farm workers, that Cuba's livestock industry had experienced a slight improvement during 1994. Jordan pointed out that Cuba's livestock had increased by 43,000 heads and that 30 million liters more of milk were produced during 1994. (Havana Radio Reloj Network in Spanish 1502 GMT 6 Jan 95)

Roundup of Economic Developments

FL0701144595

[FBIS Editorial Report] The following is a compilation of reports on Cuban economic developments monitored through 7 January.

Over 1.4 million Cubans visited campgrounds in 1994, generating over 6 million pesos in revenue and ending subsidies to the recreational installations. Cubamar took in $1.1 million in 1994, doubling revenue earned in 1993 through campground operations and other tourist services, and will invest $545,000 in campground improvements and services. (Havana Radio Rebelde Network in Spanish 1800 GMT 31 Dec 94)

Santiago de Cuba Municipality was one of five Cuban municipalities to contribute more than 15 million pesos to the national budget in 1994. The municipality reported growth in all industries while reducing the work force and produced twice as many eggs as were produced in 1993. (Havana Radio Rebelde Network in Spanish 1800 GMT 31 Dec 94)

More than 6,400 parcels of land in Las Tunas have been distributed to retirees and families to plant vegetables and grain. The provincial leadership of the Committees for the Defense of the Revolution said that efforts to increase the total area planted and that of home gardens have increased the food supply. Cattle, pork, and poultry production has grown, and more than 600 small ponds for raising freshwater fish are operational. (Havana Radio Rebelde Network in Spanish 1800 GMT 31 Dec 94)

Havana's Conrado Pina rubber enterprise produced 1 million pairs of tennis shoes, 53,000 bicycle tires, and 1.7 million miscellaneous rubber items essential for various enterprises in 1994. (Havana Radio Rebelde Network in Spanish 1800 GMT 2 Jan 95)

GRANMA reports on 3 January that the Raul Roa Contingent has hooked up four new water mains in Havana City, which will improve water supply to scientific installations on the west side of the Alamar zone and to Hemingway Marina. The new water mains will be put into service gradually and will be tested and cleaned regularly. (Havana Radio Reloj Network in Spanish 1500 GMT 3 Jan 95)

Villa Clara met its potato planting goals prior to 31 December for the first time in 12 years. Good soil preparation, the availability of resources, and meticulous planting and irrigation helped them meet their goal. More than 300,000 quintals of potatoes are expected to be harvested from approximately 63 caballerias of land. (Havana Radio Rebelde Network in Spanish 1800 GMT 3 Jan 95)

Monterey's Domos international group will spend approximately $500 million to update telephone service in Cuba in 1995. The measures will expand the domestic and international communications network. (Havana Radio Rebelde Network in Spanish 0000 GMT 4 Jan 95)

Santiago de Cuba expects to see its largest coffee harvest in five years. The province's foreign currency contributions to the Cuban economy will be good, due to the high price of coffee on the international market. The harvest is a result of the recovery program which began several years ago with the Youth Labor Army's work in the mountains. The province also constructed over 3,000 houses in 1994, using alternative materials to reduce costs to approximately 8,000-15,000 pesos per house. The goal is to construct over 5,000 houses in 1995. (Havana Cuba Vision Network in Spanish 0100 GMT 4 Jan 95)

A new flight service linking the eastern end of Holguin Province to Buenos Aires, Argentina, was inaugurated on 3 January. Cubana de Aviacion will run the service, which includes one scheduled flight every Tuesday. The first flight brought 90 tourists to the province and continued on to Varadero and Havana City with another 240 passengers. (Havana Radio Rebelde Network in Spanish 1255 GMT 4 Jan 95)

Over 1,400 caballerias of sugarcane was planted in Havana Province in 1994. (Havana Radio Reloj Network in Spanish 1500 GMT 4 Jan 95)

Sancti Spiritus' Jose Antonio Garcia Borroto tobacco factory produced 2.5 million "units" for export in 1994, 130,000 "units" more than the factory's production goal. (Havana Radio Progreso Network in Spanish 1200 GMT 5 Jan 95)

Matanzas Province has completed its winter sugarcane planting campaign. The province planted 1,119 caballerias by 31 December, exceeding its projected goal. Another 1,800 caballerias will be planted between January and July, during the spring planting campaign. (Havana Cuba Vision Network in Spanish 0100 GMT 6 Jan 95)

An organization from Galicia, Spain, expressing solidarity with Cuba has donated $7,500 in school supplies to Cuba. (Havana Radio Rebelde Network in Spanish 1800 GMT 6 Jan 95)

The metal industry constructed over 600 windmills in Havana in 1994. Several solar power heaters were installed in hotels, hospitals, and other places in 1994. Fuel treatment systems were also designed and produced, and improved technologies have been applied to save diesel fuel and to conserve energy. (Havana Radio Reloj Network in Spanish 2036 GMT 6 Jan 95)

The Holguin Province branch of Cubanacan has accrued 55 cents profit for each dollar invested in tourism, totalling approximately $6 million in profits in 1994 when over 30,000 tourists visited the province. (Havana Radio Reloj Network in Spanish 2045 GMT 6 Jan 95)

The Antonio Maceo electric plant showed signs of recovery in 1994, ending December with 64 percent of its electricity generating capacity. This exceeds performance in 1993 by 25 percent. These results were due to more efficiency, quality maintenance, and a reduction in expenses. (Havana Radio Reloj Network in Spanish 2053 GMT 6 Jan 95)

The Cienfuegos coffee harvest is going well, and the quality of the beans is excellent. Approximately 49,000 tins—over half the amount harvested—have been processed. Cooperatives and farmers have harvested 72,000 tins of coffee so far and are close to achieving the goal of 100,000 tins for the current campaign to end 25 January. (Havana Radio Reloj Network in Spanish 2055 GMT 6 Jan 95)

Haiti

FRAPH Leader Flees; Anti-FRAPH Group Reacts

FL0901234695 Port-au-Prince Radio Metropole in French 1700 GMT 9 Jan 94

[FBIS Translated Text] Emmanuel Constant, the leader of the Revolutionary Front for the Promotion and Progress of Haiti [FRAPH], has left the country to escape Haitian justice, according to Felix Ansito, the leader of the anti-FRAPH organization. The anti-FRAPH leader made that statement based on a report by an investigation commission from his organization. He questions the metropolitan area's military department and is prepared to leave for the United States where he intends to take legal action against the FRAPH leader.

[Begin Ansito recording, in Creole] We blame the Port-au-Prince military department for this escape since they refused to use the warrant to arrest him on time. This again proves that the same irresponsible people are in charge. I am warning the criminal supporters that wherever the criminals take refuge, we will find them. They will not escape justice.

We are announcing our departure for the United Stated by the end of the month. For the criminals to be tried, we must lodge complaints because each of us is responsible for his life [Creole proverb: Met ko pou veye ko]. [end recording]

Schrager: 400 Refugees Per Day To Be Repatriated

FL1001031295 Port-au-Prince Signal FM Radio in French 1130 GMT 9 Jan 95

[FBIS Translated Excerpt] Several hundred Haitian refugees from the U.S. base at Guantanamo were repatriated over the weekend. A first group of 54 Haitians who had taken refuge for several months on the U.S. base at

Guantanamo arrived in Port-au-Prince on 6 January under impressive military protection. These refugees had refused the voluntary repatriation program offered by the U.S. authorities, pleading reasons of safety. Several of them stated upon their arrival in the capital that they had been awakened in the middle of the night and kept isolated in a tent without access to the bathrooms. They were given only five minutes before departure, asserted a man who held two young children.

About 3,500 Haitians who refused the $80 offered by the U.S. Government are still in Guantanamo. They will be repatriated by force at the rate of 400 per day, Port-au-Prince U.S. Embassy spokesman Stanley Schrager pointed out. The first 54 refugees who were repatriated against their will received from the Haitian Red Cross an envelope containing less than U.S. $20. No member of the Aristide-Michel government was present at the time of the landing. (Legulf Cherry), representative of the International Federation of the Red Cross and Red Crescent societies, present on the quay in Port-au-Prince at the moment of the landing, stated that his institution still has logistics to Haitians [as heard] in Guantanamo. About 400 other refugees who refused the program offered by the U.S. authorities were repatriated to Port-au-Prince on 7 January. [passage omitted]

To facilitate the repatriation or turnback operations, the U.S. Government proposed granting the sum of U.S. $80, [1,000 gourdes] to each of the refugees who accepted this repatriation. Those whose age is 18 or over will be expected to participate in the various job creation programs launched jointly by the United States of America Government and the Port-au-Prince Government.

The Haitians who are now in Guantanamo will be authorized to enter the U.S. territory and force may even be used to compel the Haitians to return to Haiti, according to the U.S. Embassy spokesman. So there has not been much success with this voluntary repatriation operation: Only 540 of the 4,500 Haitians taken in at Guantanamo have agreed to enter Haiti voluntarily. The time limit for them to announce their decision was 4 January at midnight.

Refugees 'Returned Against Their Will' 6, 7, 9 Jan

FL1001010795 Port-au-Prince Radio Metropole in French 1700 GMT 9 Jan 95

[FBIS Translated Text] Let us begin the news with the case of the Haitian refugees. They are being returned against their will. An initial group of 53 arrived on 6 January. A second group of 289 Haitian refugees were forcibly repatriated on 7 January aboard a U.S. Coast Guard ship. They were mostly Haitians from Gonaives who had rejected the program of voluntary repatriation offered by the U.S. authorities because they do not have a house to return to. The spokesman of the group indicated that the houses of those refugees were burned down in a fire which on 23 April 1994, destroyed more than 100 homes in the slum area of Raboteau. The two refugees most hostile about the repatriation were kept on the ship by force. Upon their arrival, they were handcuffed and taken to a detention center of the multinational force, but were due to be later released. A third group of refugees arrived at the Port-au-Prince harbor today.

Demonstrators Seek Army Abolition, Note U.S. Marine Abuse

FL1001003495 Port-au-Prince Signal FM Radio in French 1130 GMT 9 Jan 95

[FBIS Translated Excerpt] Demonstrators in the streets of Port-au-Prince demanded the total abolition of the Haitian Armed Forces [FADH] as well as a drop in the cost of living, the population's main heartache at this time. Let us listen to Jacques Maurice for further details.

[Maurice] At the initiative of several people's organizations close to President Aristide, including the Alexis Front for National Liberation [Front Alexis pour la Liberation Nationale], several hundred people took to the streets to demand the complete abolition of the FADH and some relief in the cost of living, which is becoming higher and increasingly more difficult. The demonstration began in front of St. Jean Bosco Church, passed through Jean-Jacques Dessalines Boulevard, and ended up in the Occide Jeanty Kiosk in Champ de Mars. The U.S. military and the international police acted as security, following the demonstrators throughout their journey. One of the demonstrators was apprehended by U.S. Marines after he wrote graffiti on the newly repainted walls of Port-au-Prince police headquarters. This gave rise to a feeling of resentment among the demonstrators, who did not conceal their indignation over the arrest of one of their members.

[Begin unidentified speaker recording, in Creole] [passage omitted] While we were in front of the palace composing graffiti that said, "Aristide for Life," one Marine vehicle passed, then a second arrived, and stopped right behind him [the graffiti artist]. They immediately seized him, jostled him, and wrestled him into the car. When I saw that they had arrested him and that he was afraid to stand up, I hastened to inform the crowd of this. The treatment he was receiving... [pauses] We... [pauses] They began using teargas on us and beating us up. We must show that those eight men [not further identified] are the same people U.S. imperialism... [pauses] It is the work of imperialism that they are doing. It is a way for them to destabilize the power of the people's sector. [passage omitted] [end recording]

Aristide Sets Up Commissions To Restructure Army

FL1001014895 Port-au-Prince Signal FM Radio in French 1130 GMT 9 Jan 95

[FBIS Translated Text] The Ministry of Information and Coordination announced on 7 January that President Jean-Bertrand Aristide has set up two commissions, one for the restructuring of the Haitian Armed Forces

[FADH], and one for the structuring of the national police. These commissions are in charge of establishing and determining the general organization and internal regulations of a 1,500-man Army under the supervision of the Ministry of Defense, and the structuring of the national police force under the supervision of the Ministry of Justice. The members of this new police force will have civilian status. The Ministry of Information and Coordination explains in its communique that members of the public force have integrated all members of the interim police force under the supervision of judicial officials [as heard]. This interim police force is under the command of a three-member commission presided over by Major Dany Toussaint, close friend of the president of the Republic.

Incidentally, Colonel Pierre Cherubin, whose undemocratic schemes were denounced by Washington during his short stint as head of the Haitian police in 1991, has been promoted to the rank of brigadier general. But let us remember that President Jean-Bertrand Aristide, a few days after his return to the country on 15 October, announced an 11-point program including the professionalization of the Army, the law on the creation of a police force separate from the FADH, the restructuring of the public sector, a law on economic democratization, and so on.

Head of Commission Interviewed

FL1001022995 Port-au-Prince Radio Metropole in French 1145 GMT 9 Jan 95

[FBIS Translated Excerpt] [passage omitted] By presidential decree, a commission has been formed to restructure the Haitian Armed Forces. [passage omitted] This commission, working under the supervision of the Defense Ministry, is composed of Retired Brigadier General Wilton Lherisson, Defense Ministry president; Brig. Gen. Bernadin Poisson, member; Brig. Gen. Martial Romulus, member; Brig. Gen. Mondesir Beaubrun, member; and Colonel Neocles Arne, member. This commission will call on other members of the Armed Forces for the fulfillment of its task and will have its center at the National Defense Ministry.

A commission for structuring the national police force has also been created. Its mandate consists of establishing the general organization and internal regulations of the national police. This commission, working under the supervision of the Ministry of Justice, is composed of Secretary of State Leon Jeune, president; Colonel Jean Jose, member; Col. Jean Lamy, member; Lieutenant Col. Pierre Neptune, member; Major Pierre Emerick Charles, member. This commission will call on other members of the Armed Forces for fulfillment of its task and will have its center at the Ministry of Justice. [passage omitted] The command of the interim police force is assured by a commission composed of Maj. Dany Toussaint, president; Maj. James Jean-Baptiste, member; and Maj. Antony Charlier, member. This commission will have its center at the metropolitan police headquarters in Port-au-Prince.

Our guest this morning is the defense minister. Ret. Gen. Wilton Lherisson discusses the measures taken within the Haitian Armed Forces:

[Begin recording, in Creole] [Lherisson] The members of the public force are part of the interim force, meaning that most of them are interim police. A total of 500 of them were in the technical section, including aviation, Navy, etc. All of them were included as interim police. While the Army is being reformed, we will use the interim police to compose a real Army.

[Reporter Francois] Does the Army even have a command after those decisions were made? Is General Poisson still the Army commander?

[Lherisson] He cannot command anything right now because the interim force replaces the Army immediately. The interim force is playing the role of police, but in the meantime, the Army does not exist. We are working on crating an Army now. There is no Army because whoever is supposed to be in the Army is part of the interim force.

[Francois] You mean that the three generals, members of the Army, are going to work with the Defense Ministry?

[Lherisson] They are going to work with the Defense Ministry in collaboration with Gen. Mead, the FMN force, [not further identified] so that we can establish a serious corps. A new deontology must be defined, new barracks must be built. Everything must be redone. We will have an Army to defend first, the national integrity, to participate in development, and at the president's request, to back up the police when the police are overwhelmed.

[Francois] Will there be a strong concentration of military in the cities?

[Lherisson] The concentration will not be in the cities. It will be outside the cities. It will not be in Cap-Haitien or Port- au-Prince and—it will depend on the logistics—if we do not have the means, perhaps the Army will be placed near the big cities, but we do not plan to have it near the big cities.

[Francois] Does the Army have camps where the military can train?

[Lherisson] Yes, There are the battalions. The military will be there to be trained, and they will come out only when they must serve.

[Francois] Is there a deadline for setting up the Haitian Army?

[Lherisson] We do not have a fixed date, but we must move quickly. This situation is not reassuring, and it is always good that the country relies on the Armed Forces to defend national integrity. We are working to establish an Army this year. [end recording]

Jamaica

Government Confirms Minister Samuda's Resignation

FL0901232295 Bridgetown CANA in English 2202 GMT 9 Jan 95

[FBIS Transcribed Text] Kingston, Jamaica Jan 9, CANA—The resignation of state minister for industry and commerce, Karl Samuda, has been confirmed by a Jamaica Government spokesperson here. In confirming the resignation, Daphne Innerarity, head of Jamaica's Information Service (JIS), gave few details, but media reports suggest it was handed to Governor General Sir Howard Cooke on the weekend.

THE OBSERVER newspaper reported on Sunday that Samuda left in disgust at his failure to gain promotion in a cabinet reshuffle announced Saturday. Innerarity scoffed at media speculation that other resignations were imminent.

"I don't know of any others and I really don't think that's likely," she told CANA. The OBSERVER, Jamaica's latest daily newspaper, said Samuda had resigned "without animosity" but clearly felt he should have been given a place in Prime Minister Percival Patterson's revamped cabinet. "He had expected to move up. And when that was not forthcoming, he decided it was best to call it a day," the newspaper quoted an unnamed source as saying. Patterson told THE NATION Sunday that three stalwarts of his government, Construction Minister O.D. Ramtallie; Tourism, Industry, and Commerce Minister Carlyle Dunkley; and Health Minister Desmond Leakey would all be bowing out of his cabinet effective January 16. This is part of an overhaul of government which sees the number of core ministries reduced from 17 to 15, and will in time extend to the rest of the public service. One new face, State Minister for Agriculture Roger Clarke, will take over as the minister of local government and works.

Samuda, a former high-ranking member of the parliamentary opposition Jamaica Labour Party (JLP) switched to the ruling Peoples National Party (PNP) in 1992 following a highly publicised quarrel with JLP leader Edward Seaga. Other JLP heavyweights, Pearnel Charles, Douglas Vaz, Errol Anderson, and Edmund Bartlett were also involved in the dispute—dubbed the "Gang of Five" affair—over Seaga's leadership style. But the others were subsequently rehabilitated. Since being appointed state minister following the 1993 elections, Samuda has played a lead role in the government's drive to develop an industrial policy. THE OBSERVER said Samuda, who has represented the north central St. Andrew constituency since 1980 on behalf of both political parties, "seemed set to make his departure from the political arena for good."

SE Denies Reports of Pemex, CFE Privatization

PA1001030795 Mexico City LA JORNADA in Spanish 9 Jan 95 pp 1, 40

[Report by Roberto Gonzalez Amador]

[FBIS Translated Text] The federal government does not plan to propose constitutional changes to modify the legal framework regulating the operation of Mexican Petroleum (Pemex) and the Federal Electricity Commission (CFE). Neither of these parastate industries "are for sale, so petroleum and other hydrocarbons will continue to be the property of the nation," the Energy Secretariat (SE) stated yesterday.

The SE issued a communique to respond to reports abroad that the Mexican Government would have to abandon control of the exploitation of petroleum in exchange for financing to face the country's liquidity crisis, which has forced authorities to contract $18 billion in debt.

The SE stated that in this six-year term "there will be continuity in the petroleum policy" and added that the federal government will "consistently and unequivocally" maintain its commitment to the constitutional framework under which the ownership and direct control of hydrocarbons fall to the state.

In its statement, the secretariat said that "within the framework of current legislation," the federal government decided to continue the processes already under way for private capital participation in the secondary petrochemical sector and the generation of electricity, "as part of the Agreement of Unity to Overcome the Economic Emergency," which was signed on Tuesday by the government, business leaders, and pro-government labor and peasant organizations.

According to the SE, in Pemex' case, the participation of private capital will be confined to the secondary petrochemical sector, considered a "nonessential asset" and therefore outside the sphere the constitution reserves for the state. Regarding the CFE, it indicated that private investment will remain restricted to the independent production of electricity for exclusive sale to the CFE.

Sell To Invest

The privatization process in Pemex will be in the area of assets corresponding to secondary petrochemicals and by-products that do not fall within the sphere reserved for the state, the SE stressed. It said that beginning in the second quarter of 1994, there was a sustained and generalized upturn in the prices of petrochemical products, a situation that offers favorable conditions for undertaking the sale of the plants, which had been postponed since 1993.

It added that the sale of these installations is intended to free economic resources for the considerable investments demanded by Pemex' strategic activities, to promote the establishment of productive petrochemical chains based on private resources, and to concentrate financial resources and the administrative attention of Pemex' board of directors on strategic activities, "which will strengthen the petroleum enterprise's focus on its essential activities."

In short, it stated, the privatization of secondary petrochemical and by-product complexes and plants allows the possibility of strengthening Pemex to concentrate on activities reserved for the state and to rapidly develop the national petrochemical industry with the participation of private investment, a sector where considerable capital has already been invested.

Regarding the CFE, the communique indicated that the private investment permitted by law will encourage modernization of the electricity sector and will increase the parastate institution's ability to provide service.

The communique continues: Private participation can be increased through various mechanisms, such as building new plants and privatizing others which require disbursements for modernizations or improvements, or through financial mechanisms, such as marketing plant production. The installations' operation and ownership will remain in CFE hands.

The SE said that the privatization of assets will be the result of a competitive bidding process within which the rights of the workers of both parastate corporations will be given due consideration. The plants will continue to operate during the time required for the transfer of ownership.

Pemex and the National Economy

The SE made this statement a few days after LA JORNADA carried a report, still undenied, saying that two transnational corporations, Exxon and Shell, had shown interest in exploiting oil beds in Chicontepec north of Veracruz, a village located in the mountainous region of Huayacocotla range, approximately 600 meters above sea level.

According to some private reports, the volume of the oil beds in this region is greater than those in Colombia. It has been reported that Mexican technicians regarded the exploitation of these beds as unprofitable but that the foreign corporations mentioned above are willing to spend money to exploit this region, located some 400 km from the U.S. southern border.

Foreign pressure to open the extraction, refining, and marketing of oil to foreign capital increased on the Mexican government during the past two weeks. In practice, this would be equivalent to reversing the nationalization of this resource, which took place in 1938.

In terms of strategy, interest in Mexico's oil has been aroused because the country's proven hydrocarbon reserves equal 65 billion barrels, which, at $13 per barrel, are worth $850 billion. With these reserves—the world's sixth largest—Mexico's oil supply will be guaranteed until the year 2043 if the present exploitation rate is maintained.

Pemex, whose assets amount to 158 billion new pesos, has long-term obligations for 32 billion new pesos and contributes 28 percent of the federal government's budget revenue and 30 percent of the foreign currency revenue from commercial balance operations.

Pemex is regarded as the world's third largest oil enterprise in terms of its accounting capital and places 17th for its assets.

From December 1987 to June 1994, Pemex' revenue amounted to 440 billion new pesos, 60 percent of which were from local sales and 40 percent from foreign sales.

Securities Exchange Deems 9 Jan 'Black Monday'

PA1001015395 Mexico City Radio ACIR Network in Spanish 0000 GMT 10 Jan 95

[From the "Evening News Panorama" Newscast]

[FBIS Translated Text] [Announcer] The Mexican Securities Exchange [BMV] is regarding 9 January as Black Monday. The stock market closed with a huge 6.77-percent loss. Experts maintain that this is a true mini-crash. Alma Rosa Baez has the story.

[Baez] Good evening, everyone. The BMV on 9 January experienced a drop of 149.88 points, a 6.65-percent [as heard] loss. The main index closed at 2,104.05, and 75 million stocks were sold, thereby profiting with 947.7 million new pesos. Of 90 issuers that quoted on 9 January on the floor, only 11 experienced gains while 65 others lost ground. The remaining 14 issuers remained stable. All sectors experienced drops, but the construction sector had the largest plunge with 11.14 percent.

The (Mexeriele) and Cifra were the most negotiated securities: 19 and 8.8 million, respectively, changed hands. Following this significant drop in the securities market, BMV President Manuel Robleda asked investors to remain calm in view of any exchange value movements:

[Begin Robleda recording] The problem, as we have said, lies in the impact, the shock, or the effect that all market participants, mainly investors, continue to experience following this devaluation measure. [end recording]

[Baez] He added that the decisionmaking process will be more accurate insofar as analysts review all available information, which is when the country's much anticipated financial stability will become a reality.

First Funds From Credit Lines Withdrawn

PA0901222995 Mexico City NOTIMEX in Spanish 2059 GMT 9 Jan 95

[FBIS Translated Text] Mexico City, 9 Jan (NOTIMEX)—The Bank of Mexico today withdrew $500 million and 83 million Canadian dollars, the first funds from the credit lines agreed upon in the North American Financial Agreement.

In an official communique, the Mexican central bank also reported that the institution's foreign reserves amounted to $5.546 billion on 6 January. This figure excludes the $18 billion included in the credit lines of the North American Financial Agreement and in other portions of the Exchange Stabilization Fund [Fondo de Estabilizacion Cambiaria], the Bank of Mexico stated.

"The difference between the amount of reserves by year's end, $6.148 billion, and the 6 January amount reflects mainly the payment of short-term liabilities," it added.

The Bank of Mexico also stated that the international reserves are invested in U.S. Treasury Bonds and liquid deposits in the main foreign banks, located in the major international financial centers.

The bank reported in its communique that from now on, each month it will make public the amount of its international reserves.

IMF Help Sought To Ease Financial Crisis

MS0701100095 London FINANCIAL TIMES in English 7 Jan 95 p 4

[Report by Stephen Fidler and Ted Bardacke in Mexico City, and Lisa Bransten in New York: "Mexico eyes IMF as Peso Struggles"]

[FBIS Transcribed Text] Mexico formally asked the International Monetary Fund for financial help yesterday in tackling a financial crisis following last month's surprise devaluation of the Mexican currency as the peso came under further pressure on foreign exchanges.

The US credit rating agency Moody's yesterday also downgraded the Mexican government's domestic currency obligations. It cut the longer-term debts by two ranks to Baa3, and the short-term rating by one to Prime-3. The agency left the government's long-term foreign currency bond rating unchanged at Ba2. The agency also issued a report expressing its concern about some Mexican banks.

An IMF mission will arrive in Mexico City next week to begin formal negotiations over a standby credit. The move follows a meeting in Washington yesterday between Mexico's finance minister, Mr Guillermo Ortiz, and Mr Michel Camdessus, the IMF managing director.

According to IMF guidelines, Mexico, which already owes $3.9bn (2.5bn pounds) to the fund, could borrow up to $3.5bn more, $2.5bn of it this year.

Mr Camdessus said after the meeting that Mexico's emergency economic programme announced on

Tuesday provided "a solid basis for discussions on an agreement that could be supported by the use of IMF resources".

However, the development did little to lift confidence in the peso, which has been stricken since a devaluation last month. It weakened briefly to a record low of 6.0 to the dollar—a 42.5 per cent devaluation since December 19—before rising to around 5.7 later. It closed on Thursday at 5.35. Foreign exchange traders said pressure on the peso was mainly the result of Mexican banks seeking dollars to meet commitments to foreign banks early next week.

The main IPC Mexican stock market index closed down 0.86 per cent on the day though, because of the weakness of the peso, most Mexican stocks in New York fell. The price of bank shares fell sharply with those of one bank, Banpais, down 46 per cent in Mexico City and 30.8 per cent in New York.

The decision to seek the strict quarterly IMF monitoring, which comes with a standby loan agreement, was motivated by the need to make further confidence-building gestures to international investors, officials said. Government officials had previously said they intended just to seek an "enhanced monitoring" programme from the fund, implying less strict IMF oversight and no access to finance.

While Mr Ortiz was also meeting US Treasury and World Bank officials, the new foreign minister, Mr Anzel Gurria, was sent to Japan to explain the new Mexican programme. Other senior officials are scheduled to head to Europe early next week.

Japan yesterday responded to Mexico's plea for help to resolve its financial crisis with a promise of "substantial commitments" to an $18bn international support package.

Further details emerged about plans to avoid any bank failures. Officials in Mexico said the deposit protection fund had around $6bn in resources. After assessing their year-end position, any banks needing further capital would be able to negotiate 10-year subordinated loans from the fund.

The emphasis will be on providing capital for weaker banks rather than general liquidity for the banking system, so as to keep tight control over monetary policy.

Mr Ortiz's Thursday visit to New York to calm investor nerves was judged to have been a relative success. However, some investors were left with doubts about whether it would be enough.

"Is the money going to rush back into Mexico?" asked one US fund manager. "I don't think it's going to until there are signs they are accomplishing their goals."

There was also some disappointment that the government had not announced plans to move further on the privatisation of the state oil monopoly, Pemex.

Report Profiles Tesobonos Savings System

PA0601234695 Mexico City XEW Television Network in Spanish 0430 GMT 6 Jan 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Much will be said about Tesobonos [Treasury Bonds] in the next few days and weeks. It would be good to understand what they are.

Tesobonos is a savings system. People who have invested in Tesobonos have two advantages: 1. The Tesobonos pesos paid an 8-percent interest rate in 1994. Tesobonos are payable, just as Treasury Certificates, in 28, 60, 90, 182, and 361 days; 2. Tesobonos pesos are tied to the peso-dollar exchange rate, meaning if the pesos were deposited when the rate was 3 pesos to a dollar, the bonds will be paid at the maturity date in pesos at the rate of 5.50, if this were the exchange rate, plus interest.

The government's problem is that it must now redeem the Tesobonos, and this amounts to an incredible total: almost $29 billion, to be paid in pesos, and the maturity dates are coming, the reason why the government needs money.

The amount of money to be paid on the bonds' maturity dates for the year are: in January, $3.62 billion; in February, $3.5 billion; in March, $3.2 billion; in April, $1.85 billion; in May, $2.7 billion; in June, $1.9 billion; in July, $3.7 billion; in August, $4 billion; in September, $650 million; in October, $860 million; in November, $2.2 billion; in December, $715 million, for a total of almost $29 billion the Mexican Government must pay.

The bill printing office would be working three continuous shifts in the past, printing pesos, but the Bank of Mexico announced yesterday it would limit its domestic credit to 12 billion new pesos a year, and this amount comes to just a little more than $2 billion at the current rate, and 12 billion new pesos a year are not sufficient to pay this month alone.

We do not have a zero balance; we have $24 billion. The government's intention is for Tesobonos owners to place their pesos in other savings instruments in Mexico so that their money will remain in the country, but the government has to offer two guarantees because the people are distrustful: 1. certainty there will be no doubt the bonds will be redeemed at the maturity date; and 2. Depositors want to be paid interest rates that should compensate them for the risk; these rates should be above other savings in other currencies and in other countries.

Bomb Scare at PRI Headquarters Called 'False Alarm'

PA1001033895 Mexico City Radio ACIR Network in Spanish 0000 GMT 10 Jan 95

[Report by Juan Carlos Escobedo; from the "Evening News Panorama" newscast]

[FBIS Translated Text] According to an official report, today's discovery of a cardboard box containing plasticine [plasticina] and several loose wires in one of the restrooms at PRI [Institutional Revolutionary Party] Headquarters caused anxiety and dismay.

The restrooms are located between the fourth and fifth floors of the PRI building near the stairways. The cardboard box, measuring approximately 10 centimeters, was found by a janitor who immediately notified PRI security personnel who in turn alerted the police. The police arrived to PRI Headquarters at 1215, at which time the alarm was sounded.

Police quickly evacuated the building while bomb squad experts removed the box from the site, placed it in a special bag, and took it to the Federal District General Secretariat for Safety and Roadways laboratories. While this was happening, PRI officials and personnel gathered at the Benito Juarez Esplanade next to the building.

According to a report released by the PRI's Information and Propaganda Secretariat, which received details from the Federal District Police, the box contained nothing more than plasticine and some loose wires weighing little more than one-half kilogram.

The Information and Propaganda Secretariat described the incident as a false alarm. Nevertheless, it is worthwhile noting that although work was unaffected at other PRI buildings, security measures have been stepped up, and now, following the incident, everyone entering PRI Headquarters is being thoroughly searched.

Bomb Threat Reported at District Comptroller's Office

PA1001034095 Mexico City Radio ACIR Network in Spanish 0000 GMT 10 Jan 95

[Report by Jesus Casasola; from the "Evening News Panorama" newscast]

[FBIS Translated Text] Explosives experts today rushed to the Federal District Comptroller's Office building on the corner of Juarez and Iturbide in Mexico City. An anonymous call reported that a bomb had been planted at the Comptroller's Office, which was immediately evacuated, prompting anxiety among employees and other workers.

Federal District General Secretariat for Safety and Roadways [SGPV] specialists proceeded to check the building with bomb detectors and bomb-sniffing dogs.

Several minutes after arriving, the SGPV uncovered a device, carefully placed it in a special container, and took it to their headquarters for further examination. The contents of the device have not been officially released.

After the device was removed, everything returned to normal. Nevertheless, security measures were heightened and everyone entering the Federal District Comptroller's Office building was searched.

I would like to point out that a few minutes ago we contacted the SGPV, and they confirmed that a box containing plasticine [plasticina] and two batteries had been discovered. They also explained that the plasticine and the batteries were not connected, which rules out that it was an explosive device.

This is all of the information we currently have on what was inside the box uncovered at the Federal District Comptroller's Office.

PRD Files Charges Against Ex-President Salinas

PA1001025095 Mexico City Radio ACIR Network in Spanish 0000 GMT 10 Jan 95

[From the "Evening News Panorama" newscast]

[FBIS Translated Text] [Unidentified announcer] Our reporter Jesus Casasola has information on the formal charges filed today with the Attorney General's Office [PGR] by members of the Party of the Democratic Revolution [PRD]. The formal charges are part of the accusations against former President Carlos Salinas de Gortari. According to the PRD, Salinas must be prosecuted on charges of association with criminal intent, embezzlement of public funds, and other crimes.

[Casasola] That is correct. I want to tell you that PRD members have filed a formal complaint with the PGR against former President Salinas and certain members of his economic cabinet. Jesus Ortega Martinez, leader of the PRD faction at the Chamber of Deputies, said the evidence was submitted to Fernando Cordoba Lobos, who works in the Deputy Attorney General's Office for Preliminary Investigations. Ortega added that the crimes committed by the former government officials include crimes against the national treasury, misuse of public positions, collusion by public employees, and subsequent crimes. He maintained that the accused deliberately and fraudulently failed to adjust the exchange rate of the peso vis-a-vis the dollar and kept it overvalued, thereby delaying its devaluation, which later prompted this economic debacle. Let us listen to Ortega's specific accusations:

[Begin Ortega recording, in progress] ...in view of what was explained and reported, we ask you, Mr. Attorney General, to conduct the required investigations by first locating and summoning, through the Federal Judicial Police, Carlos Salinas de Gortari, Pedro Aspe, Miguel Mancera Aguayo, Jose Cordoba Montoya, Manuel Gomez Peralta, and Jaime Serra Puche to ensure they give legal depositions. We have begun a nationwide campaign to support these charges. Approximately 56 organizations and their representatives, along with us, are demanding that the law be enforced. [end recording]

[Casasola] Ortega also reported that beginning this week he will start traveling around the nation to collect signatures to support the charges against those who triggered the economic collapse in Mexico.

While the PRD legislators were filing the charges, PRD supporters outside the Deputy Attorney General's Office for Preliminary Investigations chanted and carried banners that read: Justice, Justice.

This is the report I have from the PGR, following the PRD's filing of formal charges against former President Salinas and certain members of his economic cabinet.

[Announcer] When will we have information from PGR authorities on whether or not these charges have sufficient grounds?

[Casasola] I want to tell you that the Deputy Attorney General's Office for Preliminary Investigations will immediately begin to review the document presented by PRD members, and it is expected that a final resolution will be made public within two weeks, once the PGR analyzes the evidence submitted by the PRD and renders a decision on the contents of this document and later determines the validity of the accusations against Salinas and other members of the previous administration.

Survey: Zedillo Plan Fails To Convince Most

PA0801205195 Mexico City REFORMA in Spanish 6 Jan 95 p 4A

[Report by Rafael Gimenez]

[FBIS Translated Text] The emergency plan announced by President Ernesto Zedillo has failed to convince most citizens. A national telephone survey of 600 people conducted by the papers REFORMA and EL NORTE showed the communications problems the president has with his constituents.

The president said that he was speaking the truth; half of those surveyed, however, do not believe he was sincere, while 40 percent of those surveyed believed he was. In addition, 37 percent clearly understood the 3 January message, while 39 percent were not completely clear about it, and 24 percent frankly did not believe the president was clear at all.

Barely one third of the people who were surveyed accepted the sacrifices the government asked from Mexicans. One third of them rejected the sacrifices, and the remaining third did not choose either alternative. Moreover, 20 percent believe that all parties will comply with the agreement the government made official with peasants, workers, and businessmen to face the current economic situation.

Half of those surveyed maintained that among the signatories of the agreement, peasants are the ones who will sacrifice the most." [no opening quotation mark as published]; 36 percent believe workers will sacrifice the most; and 8 percent believe everybody will make sacrifices. Only 2 percent said the government will make the most sacrifices, and 1 percent said businessmen will sacrifice the most.

More than half the people who have telephones in their homes in the country felt the bad situation has affected them a lot; 20 percent believe the situation affected them a little, and 4 percent maintained they have not been affected at all.

Forty-four percent of those surveyed believe that the higher prices are the main problem; 17 percent said it is the low purchasing power; 11 percent said it was the low salaries; 4 percent the debts owed to banks; and 4 percent said the family economy.

The survey pinpointed some issues people want the government to attend to: 29 percent suggested the government be more honest and reduce corruption; 16 percent requested more emphasis on the creation of jobs; 10 percent expect lower interest rates or lower taxes; 10 percent do not want the prices of basic products to increase; 10 percent only want the government to honor its commitments; an 8 percent mostly want their salaries to be increased.

Finally, 28 percent of the people who were surveyed frankly approved of the manner in which the president is ruling; 31 percent approved of the president's ruling style with some reservations; and 31 percent disagree with his governing style.

Methodology: The survey was conducted among 600 homes that have telephone service in 48 communities of the country. The number of homes that have telephones underestimate the real proportion of lower-income homes. The names of those surveyed were chosen from telephone directories through a systematic random sampling. The margin of error is plus or minus 4 percent with the maximum variance possible and a 95-percent margin of security. Survey coordinators: Federico Rios and Rafael Gimenez.

Failed 'Technocratic Gamble' Cited

95CA0084A Mexico City REFORMA in Spanish 29 Dec 94 p 7A

[Commentary by Lorenzo Meyer, Colegio de Mexico historian and international relations specialist: "Irresponsibility or Bad Faith?"]

[FBIS Translated Text]

The Question

It is difficult to know, or to decide, what the principal trait of Mexico's current political and technocratic elite is: professional incompetence or bad faith.

Incompetence

As we well know, in 1985 a handful of young neoliberal economists who were already ensconced in Mexico's upper-level bureaucracy began maneuvering skillfully and succeeded in wresting power from the traditional politicians. These economists' purported right to govern did not stem from the ballot box or any such thing (the elections of 1992, which lacked credibility, and the ones in 1994, which were inequitable); rather, it stemmed from their technical ability to ascertain and manipulate economic variables.

Once in power, these economist-politicians claimed that they were the bearers of an ideology, which they portrayed as a science, that was different from and superior to the one that had failed under the loquacious or frivolous neopopulism of Luis Echeverria and Jose Lopez-Portillo, and they staked their legitimacy on it. It was an ideology developed in major U.S. universities, notably in the University of Chicago, that had been put into practice in Margaret Thatcher's Great Britain and Ronald Reagan's United States and that had succeeded in inflicting economic defeat on the now defunct Soviet Union. The game plan of these Mexican leaders was to reintroduce the logic of the marketplace into an inefficient economic system dominated by a bloated State, by the corrupt, corporatist interests of unions, ejido organizations, and employer groups, and by parasitic industrialists and businessmen who were being protected from foreign competition.

From the perspective of these economists, headed by Carlos Salinas de Gortari, the logic of global supply and demand was the most efficient way to allocate government resources; it was the only way to overcome underdevelopment and usher Mexico into the select group of victorious countries. Therefore, the primary goal of the Salinas group was to integrate Mexico into the world's strongest economy through a free trade treaty with the United States.

Lest they repeat the sad history of Gorbachev, who through his political reform of a long-standing statist, authoritarian system destroyed both the system and the country, the technocrats decided that the proper approach was selective modernization: transform the economy, but preserve and make intensive use of the authoritarian, antidemocratic, and premodern instruments they had inherited. The Salinas group thus fashioned what could be called market authoritarianism. In this ambitious undertaking it had the unconditional support of the agents of power in the United States, Western Europe, and Japan. It also forged a solid alliance with the Catholic Church of John Paul II and, above all, with a handful of Mexican businessmen to whom, in exchange for political and cash support, it gave total latitude to accumulate colossal sums of money, which soon put 24 of them on the list of the world's megamillionaires.

The trade-off was a more unjust distribution of wealth. The numbers reveal very clearly the true social consequences of the Salinas program. In 1993 real wages were equivalent to just 73 percent of what they were in 1989, and according to 1992 INEGI [National Institute of Statistics, Geography, and Information Science] data, 13.6 million Mexicans live in extreme poverty. Also, while 20 percent of our poorest families must survive on just 4.28 percent of total available income, the 60 percent in the middle do so with 42.15 percent, and the most fortunate 20 percent make off with the remaining 53.5 percent. Now then, the inequality within this top 20 percent is as great as it is in society at large, as the bulk of the money there is controlled by a handful of families, the regime's favorites, which have benefited from privatizations and monopolies. Another way to put it is this: 63.2 percent of Mexico's entire working population earned a daily income equivalent to no more than two minimum wages, and only 7.6 percent were above five minimum wages or $30 a day.

The "miracle" of Salinas neoliberalism (low inflation, albeit with very modest growth) was largely fueled by a propaganda campaign and to some extent by the performance of the stock market, or more precisely, by the inflow of speculative foreign capital. In fact, before the most recent devaluation the Mexican economy was number 23 in the world. In contrast, however, as of mid-September the Mexican stock market was the fifth most profitable in the world. With a stable currency that could be converted immediately into dollars and with Treasury certificates paying a much higher interest rate than in the United States, foreign speculators bought up a flood of Mexican paper. This, however, was an Achilles' heel of the new model: much of the capital that flowed into Mexico at Salinas' invitation was not direct investment (the kind that creates merchandise and jobs) but rather speculative money, which can leave in 24 hours.

The capital flight during the final days of 1994 can be explained by Mexico's enormous trade deficit. The current account deficit in the fateful year of 1982 was $6.221 billion; there was another such deficit right after the government of Carlos Salinas completed its first year in office ($6.85 billion); it skyrocketed to $24.804 billion in 1992 and to $28.5 billion this year. Without the devaluation it would have swelled further in 1995. To this we must add an overall external debt (public and private) that according to the Inter-American Development Bank already totals a frightening $140 billion, which is larger than the one that Miguel de la Madrid left (LA JORNADA, 26 December). In summary, the financing of Mexico's major imports, the stability of the peso, the low inflation rate (6.9 percent in 1994), and the modest growth rate in the GDP (3.1 percent in 1994) were dependent on the inflow of speculative capital; they were jerry-rigged.

Carlos Salinas, Ernesto Zedillo, and the rest of the technocratic elite must have known very well how precarious the "Salinas miracle" was, but time and again they refused to act accordingly. Instead, they all irresponsibly stretched the thread of speculation until it snapped on Ernesto Zedillo as he was barely settling in at Los Pinos.

The upshot of the failure of this authoritarian, neoliberal, technocratic gamble is an overall reduction in the living standard of most Mexicans (at five pesos to the dollar, the average wage in the country has suddenly fallen from $12 to $8.43 dollars a day, the lowest of all the OECD member countries) and a striking rise in domestic and international skepticism about Mexico's future.

Where, then, are the practical results of the superior, specialized know-how of Mexico's new ruling elite? What happened to the skills that doctoral degrees in economics from Harvard, Yale, Princeton, or Chicago supposedly bring? What will happen to the 800,000 jobs a year that Zedillo promised, claiming that he was committed to the well-being of the family? Allowing the overvaluation of the peso to result in a catastrophe just so that an election could be won and so that Carlos Salinas could be promoted internationally can be described only as professional incompetence. If "by their fruits you shall know them," then technocratic, neoliberal authoritarianism was no better than the previous neopopulist variety.

Bad Faith

Let us return to the initial question. What is the most distinctive trait of the economists in power? Their incompetence or their bad faith? The bad faith, the deceit, and the brazen manipulation of Mexican society's hopes and fears ("I vote for peace," "the well-being of the family") lie not so much in statements like the one that Ernesto Zedillo made on 9 December ("Exchange rate policy will maintain the established float range") or the one that Jaime Serra made seven days later ("Mexico will adhere to its current policy on the peso and will not devalue..."), as in the insistence, year after year, that the chronic deficit in the current account and the mounting debt were positive and beneficial, because the economists in power had all the important variables under control. The deficit was thus portrayed as the result of a booming economy, and the heavy inflow of speculative foreign capital as a sign of the world's confidence in Mexico.

But the last word in bad faith, deceit, and fear of accepting the consequences of one's actions was the new government's attempt at a violent solution to the Chiapas problem in order to justify its mistakes. When the first stage of the devaluation process was announced (widening the float band for the dollar vis-a-vis the peso), the justification given was the decision by the EZLN [Zapatist National Liberation Army] to end the truce agreed on in January. It was not mentioned, of course, that the EZLN decision was the result of other, previous decisions by the government and the party of the State, which sought to impose on Chiapas a governor identified with the state's previous regime (Eduardo Robledo was a close colleague of Absalon Castellanos and Patrocinio Gonzalez, who are symbols of the injustice against which the EZLN rebelled). At Los Pinos, Zedillo at first tried to attribute his group's failure directly to "internal factors of nervousness." According to him, the capital flight and the loss of a substantial portion of the nation's monetary reserves were largely due to "the brutal assassinations of prominent figures in our political life and also to the conflict in the state of Chiapas."

The president's unacceptable explanation was echoed by private business through Luis Gorman Carcoba, from the CCE [Business Coordinating Council], who said this about the EZLN: "We cannot keep on living with a permanent cancer without uprooting it from the country." One columnist carried the argument to its logical conclusion and on 22 December proposed what Zedillo had implied: that "the rule of law" be restored in Chiapas "...as soon as possible and as effectively and rapidly as the Mexican Army is capable of doing" (Juan Estuardo Miller, EL ECONOMISTA). According to this viewpoint, the Indian rebels in Chiapas ought to pay for the irresponsibility of the technocrats. If this logic is not typical of bad faith, then what is?

Fortunately, all indications are that the scapegoat of Chiapas that the technocrats initially trotted out for foreign investors and Mexican public opinion was not accepted. We hope that on 2 January Ernesto Zedillo presents more responsible arguments, even if they are belated.

P.S. Did the technocrats have their savings in pesos or dollars on the day of the devaluation?

Foreign Banks Not To Open Branches Until Jun

PA0701235395 Mexico City EL FINANCIERO in Spanish 6 Jan 95 p 6

[Report by Georgina Howard and Gerardo Flores]

[FBIS Translated Text] Foreign banks have stated their position: They will not open branches in Mexico until after June, once they are certain of the country's economic situation.

Top executives of the Fuji Bank, Citibank, Bank of America, American Express, Banque Nationale de Paris, ING Capital Holding, and Dresdner Bank have said foreign institutions "cannot make long-term plans as long" as there is no stability in the country. They have complained about a lack of communication from the authorities and have agreed the government of Ernesto Zedillo has "lied" to them about the economic plans for 1995.

They have said: "We were assured that programs and policies being implemented would not change, that the country's situation was healthy, and that there was no risk of devaluation."

The economic situation is quite different today, only a few months since that statement, because inflation will rise to 19 percent and economic growth will be a maximum of 1.5 percent.

The most grave part of Mexico's situation is that it has lost credibility, a Bank of America executive has said.

Representatives of these credit institutions have predicted at least five Mexican institutions are in serious danger of going bankrupt. They have said many banks can be "saved" only if they open 100 percent to foreign capital.

The executives of these institutions have said much depends on Finance Secretary Guillermo Ortiz being able to recover the lost trust of investors and to see that the emergency plan and the floating of the peso are "temporary."

They have said the exchange rate cannot be above the 5 peso per dollar mark, because a bigger devaluation "would cause grave damage to the Mexican economy." They have said an increase in foreign capital participation in Mexican banks would bring more capital to the banks and guarantee the flux of foreign capital in the country.

Chase Manhattan has adopted a different position and has reaffirmed its commitment with Mexico. This credit institution has affirmed its opening, which the federal government approved recently.

Manuel Pena Morros, vice president of the Chase Manhattan Bank headquarters in Mexico and director general of the bank's new branch, the Chase Manhattan Bank of Mexico, has signed the act enabling the branch to initiate operations this month to offer its services to corporate, investor, and foreign clients.

Pena Morros recalled the Chase Manhattan Bank has had a representation in Mexico since 1954 and will continue to function. He has said the new branch is one of the last five bank branches the Finance Secretariat has authorized to provide multiple bank services.

The decision by the foreign banks to wait until July to decide on the establishment of branches in Mexico will inevitably clash with a 90-day deadline set by the Finance Secretariat this past October.

One of the consulted sources has explained that foreign bank branches are not in a position to modify decisions adopted by their home offices and that the Finance and Public Credit Secretariat is what must change the deadlines set in the authorization letters for beginning bank branch operations.

The Finance Secretariat announced on 7 August 1994 the international finance community had responded favorably to Mexico's financial opening, considering the country had received 102 requests, a foreign investment of more than 9.3 billion old pesos, which "could take place in 1994."

It was said then the financial opening was aimed at benefiting Mexico's people by increasing supplies and competition as a result of financial services. Things have changed, and there is doubt now about the bank branches that were to be approved this month to make investments in Mexico in addition to the postponement of the opening of bank branches.

The decision by the foreign banks defeats the government's prediction that bank branches would grant 11 billion new pesos in credits in 1995.

The Finance Secretariat announced on 17 October the authorization of five foreign financial groups: the Citibank, JP Morgan, Santander, Chemical, and the ING Group, and the authorization of 12 insurance institutions and a finance house [arrendadora financiera] as well as authorization to register an equal number of brokerages in the intermediaries section of the National Registry of Securities and Intermediaries [Registro Nacional de Valores e Intermediarios].

There was talk then about these authorizations bringing 4.13 billion new pesos, the equivalent of $214 million, in direct investments.

The 18 multiple service bank institutions approved are: Citibank, Santander, JP Morgan, Republic National Bank of New York, Bank of America, Chemical Bank, Nations Bank, Societe Generale, ING Capital Holding, ABN AMRO Bank, Fuji Bank, Banque Nationale de Paris, Chase Manhattan Bank, Bank of Boston, Dresdner Bank, First Chicago Bank, Bank of Tokyo, and American Express.

The authorized brokerages are: Citibank, Goldman Sachs, Bankers Trust, Bear Stearns, Merril Lynch, Lehman Brothers, JP Morgan, Deutsche Bank, Chemical Bank, ING Securities, Swiss Bank, Santander, Indosuez, James Capel, and Morgan Stanley and Baring. The authorized insurance institutions are Reliance National Insurance Company, Tokyo Marine, Zurich (damages), Zurich (life), American Bankers Bank, Transoccan Holding Corporation, Allianz of America, Windsor Insurance, ING Insurance, Pioneer Life Insurance Company, American Skandia Life, and Combined Insurance Company of America. The finance house is owned by Citibank.

International Corporation President on Investments

PA0801034995 Mexico City UNOMASUNO (ECONOMIA Supplement) in Spanish 6 Jan 95 p 2

[Report by Luis Martin Gonzalez Guadarrama]

[FBIS Translated Text] Mario B. Alonso, who represents the International Financial Corporation (CFI) in Mexico, has said Mexico has failed to pay the foreign capitals invested in national production programs so far, adding the resources that left the country were speculative resources. This reason is why he has recommended that authorities not trust these types of flows so that Mexico will not fall into new crises such as the one it is experiencing.

He explained during an interview the CFI continues to work with foreign companies interested in investing in

Mexico, especially in infrastructure and development projects for medium-size businesses. He has said the free trade agreements signed so far, particularly the one signed with the United States and Canada, guarantee Mexico's economic strength and will continue being a factor in attracting new long-term investments. He added everybody trusts Mexico will stabilize and grow again.

The CFI has a list of some 18 new projects in Mexico, which it wants to support with stock and financial capital, representing investments of approximately $2.5 billion, of which the institution would initially contribute nearly $1 billion.

The representative in our country of one of the multinational groups that grants the most financing to private investment projects in the region—Mexico ranks first along with Brazil—has said the need to promote domestic saving is more important than ever in Mexico today, just as it is in the rest of Latin America.

He has said the country's economic situation, accompanied by a strong uncertainty following the devaluation of the peso, will be resolved as the markets start calming down and the program drafted by President Ernesto Zedillo begins being implemented.

He also has said the multisectorial agreement announced on 3 January "is well focused," because an emphasis is placed on the need to revitalize the trust in the country. He added the macroeconomic goals drafted by the Finance Secretariat for this year are consistent and feasible.

He has said the program that was announced involves high costs in the short term, but it is expected Mexico will return to stability and growth.

He concluded that President Zedillo was honest and clear and that no one should doubt his objectives, because the macroeconomic goals that were achieved still remain, and they play an important role in NAFTA's medium- and long-term plans.

Exporters on Railroad Productivity, Privatization

PA0601234095 Mexico City EL FINANCIERO in Spanish 5 Jan 94 p 22

[Report by Georgina Tristan]

[FBIS Translated Text] Modernizing and making the railroad system productive enough to meet the demands of trade opening will require an investment of about $10 billion over the next five years, according to the opinion of the domestic exporter community.

Mexican exporters have said the privatization process announced by the federal government could take about two years or more to carry out, because the Constitution (Article 28) and labor laws must first be reformed.

The private sector—Concamin [Confederation of Industrial Associations], Cancintra [National Association of Manufacturers], AMANAC [Mexican Association of Advertisers], and ANIERM [National Association of Mexican Importers and Exporters]—is proposing the section-by-section privatization of the railroad system, just as is being done with the ports. In this way, the Independent Railroad Administrators (AFI) could grant route concessions for existing and new schedules, operations, stations, and workshops.

They explained that domestic investors will be able to bid for rights to complementary services, such as workshops, track construction, train stations, and others. Route and schedule rights would be left open to foreign investors, along with two-way cargo and passenger lines and express cargo operations, which require multimillion-dollar investments. They listed several lines that could prove attractive to foreign capital investors, including Mexico-Laredo, Mexico-Veracruz, Mexico-Guadalajara-Manzanillo, Mexico-Lazaro Cardenas, and Guadalajara-Lazaro Cardenas.

Representatives of the private associations admitted it would be better if foreign investments did not exceed 49 percent. Nevertheless, they added that the government, in its eagerness to privatize such operations, as is required under NAFTA and economic opening in general, will allow foreign capital investments of 100 percent. For this to occur, the foreign investment law also will have to be modified, they added.

With the labor law reforms, it will be possible to keep payrolls to a minimum. Private enterprise believes that the bottleneck that is preventing this transportation alternative from moving forward is its heavy labor load. Up until now, workers have opposed privatizing the rail system.

There are 50 workers for every kilometer of track in Mexico, while there is only one in the United States, the associations pointed out.

They said there could be one union for each concessionary route, as there is at each sea port, for which the investor would pay the government a corresponding fee. Concessions could include the latest technology for cargo and passenger trains connecting nearby cities, thereby reducing the number of single-occupant motor vehicles on the roads.

They propose creating new regulations to provide improved security and greater investment in telecommunications and in track signaling and switching. Regulations could also provide for the electrification of certain routes to reduce cargo transportation costs.

To further reduce costs they also propose that train stations be built adjacent to sea ports. Stations could also be equipped with robotic cranes to move cargo.

The private initiative calls for the construction and modernization of the infrastructure to double or triple the current lading capacity. Government participation would be regulatory only. They said that until just before the financial "downfall" there was no real political willingness to make the basic changes needed in the rail system. Now there is even less interest, and the government no longer sees it as a "strategic" goal, given the lack of funds to invest in this means of transportation, which remains vitally important to international commerce.

They said the previously mentioned routes are the more profitable and will surely be the first to be sold off.

The railroad system is essential in transporting large quantities of cargo and merchandise which provide basic support to Mexico's foreign trade.

Currently, the railroad system is not competitive with other means of transportation. Companies run into problems in door-to-door delivery situations because of poor container or bulk load delivery scheduling. This becomes more prominent at harvest time, when shipments begin to pile up at sea ports in certain areas of the country.

They added that railroad costs are not competitive and equipment maintenance is inadequate.

Mexican National Railroads had only planned to increase its cargo capacity by 1.8 percent in 1994 and to invest 31 million new pesos to improve its facilities. It also planned to have 87.7 percent of its engines operating by the end of 1994, as well as inaugurating the two-way passenger and cargo route between Mexico and Queretaro.

Commerce Secretary on Products With Imported Parts

PA0801042495 Mexico City LA JORNADA in Spanish 6 Jan 95 p 41

[Report by Andrea Becerril]

[FBIS Translated Text] The Commerce and Industrial Development Secretariat (Secofi) has told members of the Pact for Well-Being, Stability, and Growth (Pacbec), which is conducting an extensive program of meetings with business organizations, to increase only the prices of products which contain imported components and which are indispensable for the preservation of the permanent sources of employment and production.

The announcement was made by Commerce Secretary Herminio Blanco before the representatives of the Pacbec, as was later revealed in a news conference by Santiago Onate Laborde, labor and social welfare secretary, who has said the sectors have agreed to conduct a "vigorous campaign" to promote the consumption of Mexican products over the imported ones.

According to Onate, the commerce secretary has said in the meeting "only those products which have imported components and which have, therefore, suffered the effects of the devaluation of the peso could increase their prices."

Blanco said during an interview with the director of the "To Begin" radio newscast that the government will also allow an increase in prices of the family basket. "We have to be very realistic in this measure. The family basket has to reflect cost increases, but we are also asking businessmen—and this point is something the Pacbec states—that they must sacrifice part of their profit margin."

Onate Laborde has said another one of the agreements that was reached yesterday during the Pacbec meeting was to encourage the reorganization of the financial markets so that, with a high sense of equity and justice as demanded by the Labor Congress, the coresponsibility of the various sectors of the economy could be promoted to prevent the full weight of the adjustment from falling on the least favored segments of the population.

In the conference, where he was accompanied by Public Education Secretary Fausto Alzati and the representatives of the various sectors, Onate said he expects to have the cooperation of the mass media so the government could explain to the people that the increase in fuel prices is part of a mechanism that has been implemented for the past several years with the purpose of avoiding violent changes in fuel prices.

To avoid making a psychological impact with this increase, a 2-cent increase on a liter of gasoline in the Federal District, the labor secretary has said it is necessary to avoid alarming the people via the radio, television, and newspapers.

Onate was also asked about the requests made by the opposition parties to suspend the Pacbec, because it has proven it can no longer serve as a mechanism to resolve the country's economic problems.

The labor secretary has said the Pacbec, as a method of concerted effort, exists due to the willingness of those who have signed it. He added two more groups requested to join the Pacbec in yesterday's meeting, contrary to the opinion of the opposition parties: the Permanent Agrarian Congress and "a more active and vigorous presence of the Mexican Bank Association."

A reporter asked if interest rates would be included in the Pacbec, but the official did not answer.

The labor secretary did respond to the opposition's charges that decisions were taken within the Agreement of Unity to Overcome the Economic Emergency that only concern the Congress.

"My answer is no regarding the charges that some of the agreements adopted during the meeting held the day before yesterday could constitute an interference with the activities that only concern the legislative branch. First, due to the concerted nature of the agreements reached here, there is no intention to interfere, and if it did occur, it would have no effect in the area in which the interference took place," Onate Laborde has said.

Real Estate Brokers, Car Dealers Predict Sales Drop

PA0701010995 Mexico City EL FINANCIERO in Spanish 5 Jan 95 p 16

[Report by Margarita Campuzano]

[FBIS Translated Text] As the immediate ramifications of the devaluation of the Mexican currency, the prices of vehicles and real estate will increase by between 20-30 percent, and, consequently, real estate brokers and car dealers will see their sales drop by as much as 50 percent, bank and car dealers have predicted. In addition, exchange rate adjustments have already led financial intermediaries to stop lending until the currency stabilizes.

Real estate brokers and car dealers have expressed concern, indignation, and uncertainty over the national economic situation and agreed a strong recession will seriously affect their sales.

Although most of the consulted banks have stated they are still studying the situation to determine increases in interest rates and which financing policies to apply, Inverlat [expansion unknown] sources consulted by EL FINANCIERO have reported mortgage and pledge loans, as well as loans represented by nonnotarized documents, have been suspended. The sources have estimated the interest rates on loans for buying houses and cars will increase by 20 percent.

Car dealer executives have agreed in addition that the prices of cars will go up, though the new prices have not been set yet, because they will be affected by increases in assembly plant costs and exchange rate stabilization. One of Volkswagen's sales managers has said sales of vehicles and spares have been stopped per instructions from the executive board. Volkswagen Credit has stopped financing car purchases just like the banks. Terms for granting these types of loans will probably become stricter. The official also has said the prices of cars are expected to rise by between 20-30 percent, because 70 percent of components of car models such as Golf and Jetta are imported. Others, such as the Derby model, are imported. "Even the price of the Mexico made Volkswagen Sedan will increase by 10 percent as the result of minimum wage increases," he has said. The executive has estimated car sales will drop by between 50-60 percent, which, added to assembly plant price increases, will soon plunge the sector into a crisis.

Adolfo del Castillo, sales manager for Chrysler in Mexico, estimates a large sales drop of about 40 percent, a drop which will make it necessary to redesign sales strategies for this year. "Everything seems to indicate we will go back to the old cash sales system although even this system will not make buying cars any easier due to the general illiquidity crisis," he has said.

Raul Guizar, director general for ADIR [expansion unknown] real estate brokers, has said the impact on this sector will not be immediate, because everything depends on how the market will react to the situation. Nevertheless, he has anticipated a difficult immediate future for the real estate business. January's decline will be "one of the steepest in the past few years." "The middle class is being strangled. It is time for the private sector to be allowed to work in peace," he added.

He has said he believes recession will take place soon, because salesmen will try to raise the price of their properties, and the purchasing power of buyers will come down due to the devaluation." Real estate prices will tend to rise once the market is reactivated," he concluded.

Pemex Reports Slight Increase in 1994 Oil Production

PA0601150495 Mexico City NOTIMEX in Spanish 0222 GMT 6 Jan 95

[FBIS Translated Text] Mexico City, 5 Jan (NOTIMEX)—State-owned Mexican Petroleum (Pemex) today reported that the production of crude in Mexico registered a slight increase of 0.7 percent between January and November 1994.

The company reported that during the first 11 months of 1994 a total of 2.686 million barrels were produced daily, enough to satisfy local demands and export an average of 1.314 million barrels daily.

According to the report, Mexican production from January to November reached an average of 1.470 million barrels of light and medium crude and 1.216 million barrels of heavy crude daily.

Pemex exports a mixture of heavy and light oil to over 20 clients in Latin America, Europe, and the Far East.

During that period, the greater part of Mexican oil production was reported in the southeastern State of Campeche with 74.5 percent of total exports, and another 19.5 percent was reported in the oil regions of Chiapas and Tabasco.

Court Suspends Plenary Sessions Until Approval of Justices

PA0701032095 Mexico City REFORMA in Spanish 5 Jan 95 p A-3

[Report by Amparo Trejo and Maria Idalia Gomez]

[FBIS Translated Text] The Mexican Supreme Court of Justice has suspended its plenary sessions until the Senate Chamber approves at least seven of the 11 justices who should occupy the nation's highest court.

"There is no quorum; there is no Supreme Court. There is only a Government Commission, which, according to the transition articles of the decree, is established to continue as the acting Justice of the Supreme Court organization to oversee all the administrative interests of the federal judicial branch and the nation's Supreme Court," said Carlos Ravelo Galindo, general director of Social Communications of the collegiate organization.

The names of the 11 justices to be elected from the 18 candidates proposed by President Ernesto Zedillo in the next extraordinary session of the Senate will be known in one month according to the new law.

Unlike previous years when the executive attended the inauguration of the president of the Supreme Court, there was no appointment this year. The appointment will not be made until the new magistrates meet in a plenary session. Meanwhile, Ulises Schmill, former Supreme Court president, will head the Government Commission for Administering the Court.

That commission will include two more justices, Juan Diaz Romero and Carlos de Silva Nava, who, including Schmill, are the only ones who have not been officially retired.

The transitory articles of the decree establish the government's administrating committee, the last which was named on 3 January 1994 by the plenum, will continue the administrative functions of the federal judicial branch and the nation's Supreme Court of Justice.

A few days after his inauguration, President Zedillo sent a proposal to the two houses for a reform of the judicial branch that was approved and put in force on 1 January.

That proposal established that the 23 existing magistrates will be retired, and the court will soon be reintegrated with only 11 magistrates. The proposal also creates the Judicial Council, which will take charge of the Supreme Court and the appointment and removal of magistrates, in keeping with the law.

Commission: Government-Armed Group Dialogue Necessary

PA0701044295 Mexico City NOTIMEX in Spanish 1844 GMT 6 Jan 95

[FBIS Translated Text] Mexico City, 6 Jan (NOTIMEX)—The Legislative Commission for Peace and Reconciliation in Chiapas has stated a direct dialogue between the government and the armed group as well as a national political reform are necessary to attain peace.

After a meeting that lasted over six hours, the 14 members of the Commission issued a communique stating in-depth answers are required from the government and society in order to find an in-depth solution to the armed conflict in Chiapas.

Jaime Martinez Veloz, legislator for the Institutional Revolutionary Party (PRI) and spokesman for the Commission, has said the first requirement for peace is a national political reform, because "conditions are mature, and there is no time to spare."

The Commission has proposed a direct dialogue between the federal government and representatives of the Zapatist National Liberation Army (EZLN) in order to eliminate the danger of war.

The truce announced by the armed group, which emerged on 1 January 1994, expires on 6 January. It had been broken on 8 December when Eduardo Robledo Rincon, the PRI candidate, assumed the state's governorship.

Meanwhile, the National Mediation Commission (Conai) is in a permanent session waiting for a message from the armed group or the federal government that will extend the six-day temporary truce declared by the EZLN.

The legislative commission also has expressed its satisfaction over an agreement reached between both parties to resume the dialogue and maintain the cease-fire.

It has stated, however, both sides must agree on a truce for a specific length of time to hold negotiations, to reach accords and consensus, and finally to sign a peace agreement.

The Commission has stated there are encouraging signs at this time for a renewed peace process, but the causes that have generated the conflict in Chiapas have not been resolved and have worsened with the new political and economic reality.

The communique added a political reform requires a national dialogue in which all political and social forces must participate, leading to a national agreement for the country's development.

Martinez Veloz has said there is a broad national consensus in Mexico on the urgent need to build a new democracy and to implement a state reform, as well as economic, political, and social changes.

"This new political structure should include formulas for political competition, a new federalism, rules for a new national accord and, in broader terms, a state reform," he added.

The Commission has urged political parties, society, and the government to create a favorable climate for a national dialogue, replacing the atmosphere of recriminations with a new spirit of tolerance, critical participation, and the exchange of experiences and ideas.

One of the actions the Commission for Peace and Reconciliation in Chiapas has proposed is issuing an urgent call to political and social forces to mobilize in an intensive "collective campaign for peace with justice and democratic stability."

"Those willing to say no to war and yes to peace should raise their voices," Martinez Veloz has said, adding no one should remain indifferent to this objective, as war should not jeopardize the conditions of life, work, and political struggle of Mexicans.

UCPFV Control of Municipality Claimed

95CA0087B Mexico City LA JORNADA in Spanish 18 Dec 94 p 17

[Article by Gaspar Morquecho]

[FBIS Translated Text] Pajal Ejido, Jaltenango, Chiapas, 17 December—The Francisco Villa Popular Peasant Union (UCPFV) controls more than 90 percent of the territory of this municipality of 22,000 inhabitants. Checkpoints have been set up on the three access roads to the coffee-growing area, and they control five estates.

Pajal was the home of Party of the Democratic Revolution (PRD) teacher Roberto Hernandez, who was murdered last August in the middle of the election campaign. On this ejido the women are in charge of standing guard and deciding whether to authorize the entry of persons and vehicles. They explain to us that the checkpoints have been set up to protect the land that the Villists have occupied. "We have to make sure the repression does not come; we intercept the police here."

North of the municipality of Jaltenango, the UCPFV has seized the estates La Chicharra, Sayula, and San Alejo. One of the landowners is the "Chinese" man Higinio Chong Meda, according to the Villists, and the other is "the Orantes family, the relatives of the historic caciques of the La Fraylesca region" located in the central depression of Chiapas.

The municipality main town of Jaltenango is at the western end of the mucipality, bordering on the La Concordia municipality, so in practical terms, Jaltenango has only three kilometers of municipal highway. Thus, the Villists have control of the center, northern, southern, and eastern parts of the municipality, where coffee is a major product.

Four young men wearing ski masks arrive at the Pajal checkpoint; one of them carries a long gun. After we identify ourselves, "Pedro" comments:

"We peasants have been fighting for land from the estates for many years, and since nothing can be obtained through legal channels, we went straight in. The rich have the support of the government and can do whatever they want. They remove and install officials, they buy people, they arm their gunmen, they order people killed, and they move around freely.

"Eighteen years ago, Old Orantes, Gabriel Orantes Balbuena, may he rest in peace, ordered his men to kill Dionisio Hernandez, who was on the executive committee of the Pajal ejido. He was negotiating for the first expansion of the ejido. Now his sons, Jesus, Alberto, and Alfredo, and Municipal President Alfonso Ramirez Ramos ordered the murder of Teacher Roberto for teaching us how to fight for land, for teaching us how to get out of slavery. That is why we went directly into the estate, and we will remain here to see what happens."

The Villists say they have two main problems: that of land, "since the government does not want to solve it," and that of the repression. "They already came in to evict us from Prussia, and two weeks ago six police cars driven by the Orantes tried to come in over here. The group of women here cut them off and did not allow them through. Otherwise, who knows what would have happened? The people are prepared now."

[Question] Pedro, I have seen that the people picking coffee beans on the estate are Guatemalan Indians, and some from Los Altos de Chiapas. Why do they say that the owners of the estate exploit them?

[Answer] These lands belong to the peasants; they are within the radius of the ejido, and the government never wanted to expropriate the estates. The owners are foreigners or descendents of foreigners. There are Turks, Chinese, Germans, or Gringos, and the Chiapans are the caciques. Out of necessity, we have to go to them to ask for loans, and we have to commit our coffee harvests in advance. They charge interest, and the fact is that when we say the coffee has been sold, what we are doing is paying our debts.

The peasants go into great detail when talking about the caciques of the La Fraylesca region. "The real essence [mera mata] of the Orantes is in La Tigrilla. They made an agreement with the German to go in and oust the comrades who had taken over the Prussia estate. The Orantes are the kings, the owners of the land and the livestock. They have their crack gunmen, and that is why the peasants are afraid of them, since the government does not do anything to them. But now we have gone in and we are ready for anything. We have to defend our own by all means, just the way hens defend their chicks when the cat tries to eat them. She gives her all for her young. By the same token, we have to give our all for our children. Necessity forced us to take over the land, and we are now preparing to seize the La Suiza and Palenque estates. Our buddies from Laguna del Cofre are going to go in there."

At La Suiza, Don Jesus brags that he is in charge. "This estate belongs to a relative of Amado Avendano, and he already promised him that they will not touch it."

"Look," says Don Jesus, "the ejido members are bad people. See that densely forested mountain? If the ejidos go in there, they will set fire to it. They are a bunch of lazy bums. If you offer them work, they say no, and they go take fish out of the river or kill animals in the woods for food. They destroy everything. If they see a quetzal, they kill it; if they see a deer, they kill it."

But they are not stupid. Now they want to go onto the land, and they want it in production.

At La Suiza, more than 200 head of Swiss cattle graze, and the coffee trees take up 240 hectares. Each year, 5,000 quintals of coffee is produced and processed, and some 200 day laborers are hired to pick coffee beans. "Don Mario" is in the stables; the estate manager thinks this stud is an important personage, since he weighs 1,200 kilos and was purchased in the state of Queretaro. "La Madrona," a breeding cow that weighs a ton, was shown at a fair in the state capital.

Without hiding his fear of an invasion, Don Jesus asserts that the landowners are already organizing to retake the occupied estates.

In the last few months, the Villists have begun negotiations with the government of Javier Lopez Moreno, but to no avail. "They told us that the caciques do not want to sell the land." In addition to the five estates that have been seized (La Chicharra, Sayula, San Alejo, Prussia, and Liquidambar), their list of demands includes turning over the estates of Monte Verde, Berlin, Las Perlas, and Las Delicias, the first two owned by the Orantes family.

"We shall see what happens now under Robledo Rincon. We have already been invited to talks," stated "Pedro," the hooded Villist.

Displaced Peasants Reoccupy Estate

95CA0087A Mexico City LA JORNADA in Spanish 11 Dec 94 p 15

[Article by Alonso Urrutia and Candelaria Rodriguez]

[FBIS Translated Text] Tuxtla Gutierrez, Chiapas, 10 December—Members of the Francisco Villa Popular Peasant Union (UCPFV) yesterday retook the Prussia estate, which had been protected since last week by state Public Security officers after an attempt by the landowners to evict the peasants. The Public Security officers that were at the site were disarmed and later released.

The State Office of the Attorney General (PGJE) announced that about 150 peasants "yesterday once again invaded the Prussia estate," which is located in the municipality of Jaltenango, and seized the radios and weapons of the Public Security personnel assigned to the estate.

State Attorney General Jorge Hernandez Aguilar stated that the events took place around 2200 hours yesterday. He added that after entering the central complex of the estate, which is located near the El Triunfo biosphere reserve and is accessible only via a rural road, "five radios, two 9 mm. pistols, a 12-gauge shotgun, and two R-15s were seized from the personnel."

The incident occurred 10 days after the PGJE and state Public Security officers occupied the estate in an "air operation" in order to prevent an attempted eviction by Humbertus Max Folker von Knoop, accompanied by four former military officers and some farmworkers last Wednesday.

The Prussia coffee plantation was seized last 16 September as part of the UCPFV land recovery in response to "the lack of response from authorities to the agrarian demands posed by various ejidos in the municipalities of Jaltenango and La Concordia."

Unofficial reports indicated that a clash took place in the reoccupation, but the PGJE denied that story. Hernandez Aguilar stated that after the Public Security officers were disarmed, they were held for more than five hours and were finally released early this morning.

Access to the estate is now protected by members of the Public Security forces, so it is not possible to reach the Prussia estate.

Hernandez Aguilar indicated that a preliminary investigation of the events has been opened, although the first step will be to seek a dialogue with the organization.

Comparison of Zedillo Report on Emergency Economic Program

PA0501062795

Mexico City REFORMA in Spanish in its 4 January editon on page 10a publishes the 4,000-word text of the speech President Ernesto Zedillo delivered in Mexico City on 3 January to mark the signing of Agreement of Unity To Overcome the Economic Emergency. This version has been compared with the referent Mexico City Radio and Television Networks versions published in the 4 January Latin America DAILY REPORT, pages 10-12, revealing the following variation:

Column 1, paragraph one, first sentence reads: [FBIS Translated Text] I preside over a government that will always tell the truth, no matter how bitter it may be; a government that will protect the public interest over any personal or group interest; and a government that serves all Mexicans. For this reason, on Thursday I said Mexico is facing a serious economic problem that inevitably will hurt the people's standard of living and will demand an additional effort from all of us. This problem, as has been said here, stems primarily from a considerable deficit in the current account, which has accumulated for several years and has been financed by short-term private capital. This deficit has caused our economy to be highly vulnerable.

The problem particularly worsened... (providing missing initial portion of the speech)

El Salvador

Handal Resigns From PCES To Work for FMLN

PA1001015095 San Salvador Canal Seis Television in Spanish 0200 GMT 9 Jan 95

[Report by Nancy Alvarado; from "The Newscast"]

[FBIS Translated Text] Former guerrilla Commander Jorge Shafik Handal and other Communist Party of El Salvador [PCES] members resigned today from their posts to work full-time for the Farabundo Marti National Liberation Front [FMLN].

Shafik Handal's resignation as secretary general of the PCES complied with agreements reached during the second regular national convention held in December. At that time it was decided that the members who form the new FMLN Political Commission could relinquish their posts in this left-wing party.

[Begin Handal recording, in progress] ...and this is what happened. This morning the Central Committee adopted very clear decisions in support of the unification process that the FMLN has undertaken to uphold the agreements reached during the FMLN national convention. [end recording]

The new PCES secretary general, former Deputy Secretary Jose Luis Merino, said the PCES will base its work on FMLN decisions, thereby providing continuity for the unification of the left wing.

[Begin Merino recording, in progress] ...and implement the decisions made during the FMLN convention. The national convention approved a political platform and political guidelines, which will become our framework for action. [end recording]

Likewise, it was also learned that Norma Guevara was appointed as the new PCES deputy secretary. Now Jorge Shafik Handal, Miguel Saenz, Roberto Lorenzana, and Isabel Nieto, who have resigned from the PCES, will work full-time in the FMLN Political Commission.

Guatemala

Price of Mexican Products on Border Drops

PA1001005395 Mexico City NOTIMEX in Spanish 2115 GMT 9 Jan 95

[FBIS Translated Text] Guatemala City, 9 Jan (NOTIMEX)—Economy Minister Eduardo Gonzalez today revealed that prices of Mexican products on the border with Guatemala have dropped 30 percent in recent days due to Mexico's financial crisis.

The minister, who expressed concern about the situation, explained that Guatemalan products at the border have now become more expensive than Mexican products, for which there is a higher demand.

Gonzalez did not specify which products registered the most severe price reductions but said this could be one indication of the impact the Mexican situation will have on the trade balance between Guatemala and Mexico.

Guatemala has a trade deficit of approximately $120 million with Mexico. If the Mexican situation is not resolved in the short-term, the deficit could increase this year, local economic analysts predict.

The economy minister revealed that in the last few days he has been in contact with officials of the Mexican Commerce Secretariat to analyze the problems.

"For the time being, we are monitoring the development of the problem in Mexico and hoping it will be temporary," Gonzalez said.

He added that the negotiation of the free trade agreement between Mexico and the Northern Triangle formed by Guatemala, El Salvador, and Honduras depend on the course of the crisis in Mexico.

"We will have to reevaluate the prices and tariffs negotiated in the treaty due to this problem," the Guatemalan minister added.

Nicaragua

Presidency Partially Vetoes General Budget Law

PA0701033895 Managua Radio Nicaragua Network in Spanish 0220 GMT 6 Jan 95

[From "Genesis Information Review" newscast]

[FBIS Translated Text] We have a last minute communique from the Presidency Social Communications Directorate:

Communique No. 002-95

The Social Communications Directorate reports the Presidency of the Republic partially vetoed the general budget law on 5 January. The veto basically consists of a numerical correction of figures that do not match the country's total revenues. The purpose of this measure is to maintain the proper distribution of the revenue.

Another reason behind the partial veto is to change the special nature of the bonds, which the National Assembly has created for the employees of the Education and Health Ministries as well as of the National Police. It will now become a permanent salary complement in accordance with the salary policies of each one of the institutions.

The Presidency of the Republic has respected all the other provisions of the general budget law as approved by the National Assembly.

Signed in Managua, 5 January 1995.

Social Communications Directorate of the Presidency.

Finance Minister Criticizes Constitutional Reforms

PA0701193295 Managua EL NUEVO DIARIO in Spanish 6 Jan 95 p 8

[Article by Mario Sanchez P.]

[FBIS Translated Text] During a news conference, Finance Minister Emilio Pereira attacked the constitutional reforms and announced that the presidency of the Republic will partially veto the General Budget Law issued by the National Assembly before Christmas last year.

After the budget approved by the National Assembly is returned, the deputies will be able to either accept or reject the veto. If it is rejected, the budget approved by the National Assembly will go into effect. Meanwhile, because the deputies are on recess, the budget approved by the presidency will be in effect.

Pereira said the veto was discussed at the last economic cabinet meeting on Tuesday, when that recommendation was made to the presidency because the way in which the National Assembly approved the budget will adversely affect the government's economic plan. The Executive Branch "will defend its plan at all costs" and will not allow any changes.

The finance minister said the conflict with the National Assembly has been publicly manipulated because, out of political intentions, emphasis has been placed on the constitutional reforms in terms of limiting the presidency, which, he said, is not the most important issue.

Limitations Are a Violation of Rights

He added that these limitations violate the political rights of Nicaraguan citizens who aspire to high-ranking government positions. This right is also denied to Nicaraguan nationals living abroad, but a "smokescreen is extended to block the most important issues, which are the economic reforms."

Even though he claimed to be indifferent to the presidential limitations, he complained that Nicaraguans living abroad cannot become deputies, let alone president of the Republic, and that attempts are being made to deny the rights of a relative of the president to become a presidential candidate. However, "they are opening up the possibility of allowing Daniel Ortega and Sergio Ramirez to be candidates once again," he said.

He said that is why "we have to remove the veil from the reforms." He insisted that what worries him about the constitutional reforms are the economic reforms.

Pereira said the reduction in the number of candidates that can participate in the elections will also reduce the number of voters because the candidates they would support would not be there.

"In the new Nicaragua, no one should be excluded," Pereira said. He also announced that government officials are working on an open movement where no one is excluded and where leaders are not handpicked but elected by the rank and file which supports them. He also spoke about his ambitions to participate as a candidate.

"What Happened to Mexico Will Happen to Us"

He said several times that he is very worried about the economic reforms the legislative branch wants to approve because, according to him, Nicaragua will sink economically if the government's economic plan fails, "as has happened in Mexico." He also called on deputies to be careful not to approve the economic reforms contained in the constitutional reforms.

Emilio Pereira also defended the budget program sent by the executive to the legislative branch, saying that "in addition to passing laws, the National Assembly also wants to dictate to the executive branch." He added that a consensus had been reached to prevent the presidency's budget from being drastically modified by means of contacts with certain deputies and legislative bloc leaders, but "they made unconstitutional changes" by "altering the budget ceiling."

Pereira said, however, he is confident that only technical changes were made and that once the budget bill is returned to the National Assembly it will be corrected, not seriously modified, because "the budget figures do not balance" as the National Assembly approved them.

He Complains About Changes

Pereira said that one big changes is that the executive had planned 40.9 million in revenues, but the National Assembly increased it to 49 million cordobas.

He also complained about the modifications or additional budget allocations for salaries approved for the Education and Health Ministries and the National Police; authorizing a 24-million cordoba salary budget for the Health Ministry in addition to the 11 million cordobas that had been allocated, a similar amount for the Education Ministry, and 14.5 million cordobas for the National Police.

Pereira said that while the executive branch proposed a budget allocation to guarantee permanent and stable salaries for the employees of these three institutions, the National Assembly authorized additional budget allocations in bonds that do not guarantee job stability because they are not part of their salary.

He added that while the government is reforming the state by reducing it in order to allocate more funds for the people's social needs, the National Assembly is conducting a "counter-reform by making it bigger and by taking resources away from the population."

He warned that if these economic reforms are approved in the legislature, the country will soon lose ground and sink because inflation will return and the national economy will go out of control.

He Insists on Privatizing Telcor [Nicaraguan Telecommunications and Postal Services Institute]

He also complained that the National Assembly never approved the Telcor privatization law, which will adversely affect the country because we will see that in the next few months there will be no resources to finance production or to pay for the bonds in the hands of the owners of confiscated property.

He added that, because of the legislative branch's insensitive attitude, the World Bank and financial institutions will not loan Nicaragua $157 million, $57 million of which was about to enter the country if Telcor had been privatized or if the law at least had been passed.

He also said the creation of the deputy property ministry will be requested with the purpose of promoting the work done by the organizations that are working to solve this problem, such as the OOT [Office for Territorial Organization], the IRA [National Institute for Agrarian Reform], the OCI [Confiscation Quantification Office], and the Attorney General's Office.

He said the review of the cases of people who have received housing units, by means of Law 85, has already been finished and that there are only 1,300 cases that have been appealed.

FSLN Communique on Constitutional Amendments

PA0701025795 Managua BARRICADA in Spanish 5 Jan 95 p 5

[Communique issued by Nicaragua's FSLN in Managua; date not given]

[FBIS Translated Text] The Sandinist National Liberation Front [FSLN], in view of the gross distortion of the FSLN's position regarding the constitutional reforms by certain sectors, has this to say:

1. Since the August 1993 kidnap crisis, the FSLN has encouraged a dialogue and a National Agreement to deal with the economic, social, and political problems that burden the country.

2. We have always insisted that such an agreement is essential for a consensus on the political policy and the constitutional reform the country demands.

3. The FSLN has questioned and still questions the introduction of a constitutional reforms proposal without the necessary national consensus. The FSLN's nonparticipation in the first debate intends to keep the Constitution from becoming a piece of nonsense for the people and the country.

4. With this spirit, and without relinquishing our conviction that a National Agreement is required for a solution of the crisis, we have defined THE CONSTITUTIONAL REFORM ARTICLES WHOSE CONTENTS THE FSLN THINKS SHOULD BE CHANGED IN A SECOND DEBATE TO CONTRIBUTE TO THE COUNTRY'S STABILITY, DEFENSE OF THE PEOPLE'S INTERESTS, AND MODERNIZATION OF THE STATE.

1. Article 33. Give the police 72 instead of 48 hours to solve crimes.

2. Article 42. Eliminate completely the allusion to "terrorism" as grounds to turn down asylum requests.

3. Article 44. Make collateral deposits for acquired properties, according to the law.

4. Article 92. Eliminate the exception that would permit the transit or stationing of foreign troops, ships, or planes in the country for "humanitarian reasons."

5. Article 105. Guarantee that the health services the state provides for society are free of charge.

6. Article 125. Allocate at least 6 percent of the state's regular and special revenues for universities.

7. Article 138. Remove from the National Assembly the following powers that the Assembly claims for itself:

A. Appoint Court of Appeals magistrates—an action that breaches the judiciary's integrity.

B. Propose candidates for Supreme Court of Justice and Supreme Electoral Council [CSE] magistrates.

C. Approve municipal government taxation plans.

8. Article 147. Eliminate completely the second-round system from the general elections.

9. Article 173. Leave untouched the Political Parties Council's functions and autonomy. Do not transfer them to the CSE. If changes are necessary, make them via regular laws.

10. Article 177. Reinforce municipalities by allocating them 8 percent of the national budget and creating a framework law for municipalities to approve their taxation plans.

11. Article 178. Eliminate the direct election of mayors. Let municipal councils determine specific terms for mayors according to the municipality's true situation.

Procedures

1. Have the procedure to discuss and approve the reforms modified in order that the proposal is debated article by article and not chapter by chapter, a procedure to binds articles in groups.

2. If new subjects can be included, stipulate the following:

A. The workers' right to have a voice in management decisions.

B. The constitutional recognition or legitimization of everything done regarding property ownership redistribution, including transfers in favor of workers.

Borge Views FSLN Problems

94CA0074A Santiago LA NACION in Spanish 7 Dec 94 p 19

[Interview with FSLN leader Tomas Borge by Paula Rocha, in Santiago; date not given; first three paragraphs are LA NACION introduction]

[FBIS Translated Text] With a Marlboro cigarette handy, and a Coca Cola ready to drink, Nicaragua's former minister of the interior, Tomas Borge, reviews the recent events affecting the Sandinist National Liberation Front (FSLN). He has been in Chile on a private visit since Monday, intending to use the occasion to study some features of the Chilean process of transition to democracy.

He discusses the recent resignations of well-known intellectuals who, "although few, are voices resounding in the world." That of the poet, Ernesto Cardenal, who recently visited our country, strikes him as "sad and regrettable, because Cardenal would not have been so famous without the revolution, and vice versa."

Tomas Borge seems worried both over the imminent approval in Congress for a second round of voting in the 1996 elections, and the health of his friend and former president, Daniel Ortega, who is suffering from serious heart problems.

[Rocha] What do you think about the other resignations, such as that of the former vice president of the Republic, Sergio Ramirez, and other intellectuals?

[Borge] The fact is that 600 Sandinist representatives, in a direct, secret vote last September, elected the members of the Sandinist Congress, among whom there were no dissidents. They claimed that the election was undemocratic, and formed the Sandinist Renewal Movement, ignoring all the renewal that has been achieved, and turning their backs on the elected authorities.

[Rocha] The case of the former editor of the Sandinist newspaper, BARRICADA, Carlos Fernando Chamorro, is different, because he was dismissed from his position.

[Borge] Carlos Chamorro became aligned against the FSLN. BARRICADA belongs to the Front, and they have made an uproar because, after he had been there for so many years, the FSLN ejected him! I don't know any newspaper in the world that would not defend its owner's interests.

[Rocha] So, could it be said that there is a crisis in the FSLN?

[Borge] These things obviously hurt the Front, but we are trying to recover. We are becoming organized within the country to devise a program with a view toward the 1996 elections.

[Rocha] Is your visit to Chile related to that?

[Borge] I want to come here again to inquire about your fascinating experience. I want to talk with those in Christian Democracy, and with our comrades in the Socialist Party. We are interested in the issue of national reconciliation, economic growth, and the formation of a single political coalition.

[Rocha] But with whom could the FSLN become allied for a future coalition?

[Borge] We are concerned about the unity of Sandinism. Certain points brought up by the Renewal Movement could be debated. However, there are concrete differences, such as the fact that the deputies close to the Movement (of the 39 Sandinists, 27 are with the Movement) have become allied with the right to decide on a second round of voting for 1996. What they did was to sell out the FSLN's victory!

[Rocha] Then what would that possible coalition be like?

[Borge] The ideal would be to find an Aylwin there, who would have a very great authority, causing a conversion into a government that would represent a nation, and not any party.

[Rocha] And is Daniel Ortega considered a presidential candidate?

[Borge] We have no names yet. Daniel is a comrade with great prestige, but he is not bent on becoming a candidate and neither am I. Those seeking the nomination are others, such as Sergio Ramirez, for example.

[Rocha] Do you agree with the diagnosis made by the Renewal Movement, to the effect that the FSLN is heading for destruction?

[Borge] I don't know whether that is so, but if it happens, the one who is pushing toward destruction is Sergio Ramirez.

Army, Police Remove Squatters From Zapatera Island

PA0901235995 Managua Radio Sandino in Spanish 1200 GMT 9 Jan 95

[From the "What's Happening?" newscast]

[FBIS Translated Text] A manhunt has taken place on Zapatera Island. Peasants who had arrived on the island were evicted by force. Beginning on the afternoon of 7 January, throughout the night, and until the morning of 8 January, the Army and the police, dragging women and children, evicted peasant families that on 31 December had taken over Zapatera Island. The squatters tried to resist, but the Army was heavily armed and razed all shanties or houses belonging to the peasants.

According to authorities, several foreigners are involved in this seizure on Zapatera Island, located in Lake Nicaragua. Regardless of the presence of foreigners, this eviction reflects the daily burden our peasants have to endure because they have no land on which to work and live.

Poll Predicts Win for Liberals

95CA0079A Managua LA TRIBUNA in Spanish 9 Dec 94 pp 1, 5A

[Article by Eduardo Enriquez]

[FBIS Translated Text] A unified Liberal Party would make a sweep in the 1996 elections, with 46 percent of the vote, and an advantage of more than 25 points over its closest rival, the Sandinist Front. This would eliminate the need for a second round of voting, because the Liberals would receive over 45 percent of the vote, as stipulated in the constitutional reforms. This is inferred from the most recent poll by the CID-Gallup company, taken at the end of November.

According to the poll, conducted between 15 and 23 November of this year, 46 percent of the Nicaraguans queried claimed that they would vote for a unified Liberal Party in the 1996 elections. On the other hand, 20 percent would cast their votes for the Sandinist Front, and 23 percent would not vote for any party. A total of 11 percent gave no answer or claimed not to know.

The poll also shows that, during the last quarter, the Liberals gained ground, while the Sandinists lost it. In the same company's poll taken in August of this year the Liberals had 40 percent of the voters, while the Sandinists could count on 25 percent.

CID-Gallup queried 1,264 adults aged 16 years or over in their homes, throughout the entire national territory. Only one person per household was interviewed, and the sample was equitably divided between males and females. The poll's margin of error is plus or minus 3 percent.

Besides votes, the unified Liberal Party would have more members (27 percent of those polled) than the Sandinist Front, which has 22 percent. Nevertheless, a large majority of Nicaraguans, 41 percent, claim to have no political party affiliation.

This also is the first time since CID-Gallup began conducting polls in Nicaragua four years ago that the Liberals surpass the Sandinist Front in supporters. Up until now, the Sandinist Front had been considered by the pollsters as the country's strongest political party.

Elections by 1996

Moreover, the majority of Nicaraguans think that the presidential elections should be held at the end of 1996, as was established after the advancement of the 1990 elections in which Violeta Chamorro was elected president.

Some political groups have been advocating the advancement of the presidential elections to the end of 1995. Nevertheless, 55 percent of those polled thought that the date of elections should remain as it is, while another 35 percent prefer their advancement, and 10 percent do not know.

Some Significant Discoveries in the CID-Gallup Poll

1. The largest group of Nicaraguans has no political party affiliation. Among those who do, the Liberal Party is the one with the most members.

2. Whereas the FSLN is supported among the public, with one out of every five adults backing it, the Liberal movement is growing precipitously.

3. There is more negative than positive opinion regarding Violeta Chamorro's presidential administration.

4. The approval for Violeta Chamorro's administration declined by 27 points during 1994.

5. The abolishment of compulsory military service is the principal achievement of Violeta Chamorro's government. *

6. Unemployment is the principal failure of Violeta Chamorro's government.

7. There is little knowledge of the constitutional reforms among Nicaraguans.

8. Among those who are informed, the majority agree with the reform banning presidential reelection.

9. Nicaragunas are divided on the issue of the constitutional reform banning the election of close relatives of the president.

10. The majority do not deem it necessary to advance the 1996 elections.

* Editor's Note: President Violeta Chamorro suspended military service, but did not abolish it. Abolishment of military service is called for in the constitutional reforms to which Chamorro is opposed.

Panama

Comptroller's Office Denies Foreign Debt Delinquency

PA1001042895 Panama City Circuito RPC Television in Spanish 2300 GMT 9 Jan 95

[From the "RPC Television News" newscast]

[FBIS Translated Text] The Comptroller General's Office has denied an international news agency dispatch which includes Panama on a list of countries that have stopped paying their debts to the United States.

The office reported that Panama began to make its foreign debt amortization payments on schedule in

1990, and in 1992 the country completed refinancing agreements with the Paris Club, including the debt with the United States.

High Risk Classification Shows U.S. 'Ungrateful'

PA0901212095 Panama City EL PANAMA AMERICA in Spanish 9 Jan 95 p 1

["Panama's Pulse" Column]

[FBIS Translated Text] Drug Trafficking. The national government has agreed with the United States to establish an intelligence office, under the presidency of the Republic, to analyze and investigate information related to drug trafficking and money laundering. This is an example of our determination to continue cooperating with them in this area.

The rafters. Our country hastily ratified the Mutual Legal Assistance Treaty, which has been on hold in the U.S. Congress for nearly three years. We later agreed to help them with the Haitian and Cuban rafters, and we are currently keeping more than 8,000 Cuban rafters in our territory.

Favor. Our allies to the north, however, appear to be rather ungrateful partners. By mid-week its Congress included us on an opprobrious list of 20 countries considered to be high-risk debt payers, thus severely affecting our international credit references, and it has shown no sign of wanting to help us with GATT.

Argentina

Cavallo Discusses Effects of Mexican Crisis

PY0901162095 Buenos Aires LA NACION in Spanish 6 Jan 95 Section 2 p 1

[Interview with Economy Minister Domingo Cavallo by German Sopena in Buenos Aires on 5 January]

[FBIS Translated Text] [Sopena] What changed in the Argentine economy after the Mexican crisis?

[Cavallo] The foreign perception about our ability to sustain our stabilization policies. Now we will have to pay a much higher financial price for new public or private debts. If the situation continues as is for a long time, it might have a negative effect on investments.

[Sopena] What do you intend to do to face this new reality?

[Cavallo] Argentina might end up benefiting if we handle this situation well. The Mexican crisis will benefit us in the long run. After one or two months of watching the Argentine economy's performance, foreign investors will realize, I think, that Argentina has a very good monetary, foreign exchange, financial, and fiscal system. They will realize that the system is strong. Then we will have a consolidated and much more lasting credibility. Something similar to what happened to Chile in 1982 will occur. Chile was the only country able to continue fulfilling its obligations without restructuring its debt during the era of the Latin American debt crisis. Chile projected, without a doubt, the image of an economy closer to the economies of Southeast Asian countries than to the economies of traditional Latin American countries. This permitted Chile to maintain a strong growth rate without ties to international circumstantial changes.

[Sopena] You speak about the medium and long term. What about the short term? What must we do to pass this test?

[Cavallo] The only thing we can do in the short term is to persevere and deepen current policies. The crisis affords us this possibility. We do not have to change the course a bit because the correct path is the correct one. But we must consolidate it.

Fiscal Balance

[Sopena] The year closed with a near fiscal balance, but the impression that we will no longer have a surplus is cause for concern. How can we maintain the reserves if we have a steep trade deficit and we no longer have a fiscal surplus?

[Cavallo] Let us take it a step at a time. The steep surplus we once had was in part due to privatizations, which are mostly finished now. Now we will maintain a fiscal balance. Second, we must stress another great difference between the Mexican case and Argentina's case. In our case, the reserves of the Argentine system, due to the convertibility law, are deposited in the Central Bank, but are not at the disposal of the government. That money belongs to those who own Argentine pesos.

[Sopena] How vulnerable is the Argentine economic scheme to an eventual reduction of the flow of foreign capital?

[Cavallo] If we do not receive a cent in foreign capital in 1995, we will still have an investment rate of 18 percent of the GDP. This supposes a reduction of the expected growth rate that will drop to 5 percent, which is not low. If we experience the extreme case of a capital withdrawal equivalent to 3 percent of the GDP, that is, all the capital that entered the country during 1994, the rate of investment would fall to 15 percent, which means that we would practically not have any growth or productivity increase. But this scenario is practically impossible because the largest part of capital investment in the past was the result of direct investments in companies that were privatized. Those investors cannot and do not want to withdraw in the short term because they expect a profit in the long term. This is also something that has not occurred in Mexico.

Unemployment

[Sopena] Has the unemployment rate climbed to 12 percent, as was estimated by the president?

[Cavallo] We will know the definitive figure in a few days. The most serious thing, however, is that in October, for the first time, the job creation index dropped. That is the most preoccupying figure because it indicates that companies that create jobs, that is, small companies with intensive labor needs, do not want to take risks.

[Sopena] Why do you think this is happening?

[Cavallo] I think 90 percent of the responsibility lies with our rigid labor laws and the fact that we have not been able to convince Congress of the urgent need to approve the new labor legislation.

[Sopena] Will you be insistent with Congress before the elections?

[Cavallo] Yes. We urgently need to approve labor deregulation laws, even if the more flexible legislation applies only to small and medium-sized companies, which are the companies that use a lot of labor and fear labor lawsuits the most because they do not have the defense that big companies have.

[Sopena] Are we going to have two different Cavallos from today until 14 May, that is, on one hand the minister in his post, and on the other, an eventual 1999 presidential candidate? This would make your withdrawal from the 1995-99 government advisable, even if President Carlos Menem is reelected, would it not?

[Cavallo] Not at all. That decision will not be necessary. The other day a FOLHA DE SAO PAULO journalist asked me about 1999. My answer was that I am not a candidate.

[Sopena] It was only a misunderstanding then.

[Cavallo] Yes. I told the reporter that the most probable thing, if everything turns out well, is that in 1999 Argentina will no longer need a president with my characteristics. My candidacy might be conceivable only if big reforms are still necessary. I told the reporter that I was working precisely to prevent such a need. I am working to see that all necessary reforms are implemented as soon as possible. I am doing everything possible to see that Argentina does not lose the exceptional opportunity opened with the Menem administration between 1989 and 1994. The big goal is to continue with this exceptional growth for another five years and complete a decade of continuity. That is my big wish. It is, therefore, clear that I would prefer not to be a candidate in 1999. In other words: I would never risk this opportunity to transform the country's economy in order to speculate about my political chances in 1999.

[Sopena] Do you mean that you prefer to be economy minister between 1995 and 1999 if Menem is reelected?

[Cavallo] That is my immediate wish. I do not like to plan personal things for the long term.

Economic Situation, Measures To Overcome Crisis Viewed

PY0901220495 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1728 GMT 7 Jan 95

[Special report for NOTICIAS ARGENTINAS by Daniel Casal]

[FBIS Translated Text] Buenos Aires, 7 Jan (NA)—In light of its conviction that it will be very difficult for Mexico to overcome its present crisis in the short term, the Menem administration is applying itself in dead earnest in trying to draw a distinction between the Argentine and Mexican economic realities.

Argentina is in the same boat of mistrust that all emerging countries have been put into, receiving the blow precisely when it is entering the final straight toward the 14 May presidential elections.

As the combination of financial instability and electoral campaigning might turn out to be explosive, the government decided to accelerate the convertibility plan.

Economic authorities have thus been trying to make new moves since Economy Minister Domingo Cavallo returned from his summer vacation. One of them was to wrest a commitment to establish a "security network" from five leading banks, so as to prevent a chain reaction of bankruptcies in other banks.

Bankers, as well as businessmen, have staked a lot on the convertibility plan, and cannot afford to turn a deaf ear to the government's request.

Moreover, the fact that most bankers and business leaders have expressed their wish that President Carlos Menem and Cavallo continue in the next presidential term of office has helped dispel the ghosts of a crisis in the run-up to the election.

The major strategy designed in the difficult first week of 1995 includes ongoing consultations with local financial experts and leading world businessmen.

Another consideration that was included in the analysis was the intention of having a more closely-knit communications strategy, so as to stem the tide of alarmist forecasts.

Cavallo will try to work out a rapprochement with the IMF, to establish more explicit control mechanisms that will serve as a signal of the close relations between Argentina and that international organization.

As our country is a significant borrower from international organizations, approaching the IMF would allow an enhanced ceiling for securing fresh funds from the voluntary circuit.

It is also urgent for the government to compensate for the drain of capital prompted by the hike in U.S. interest rates, and promote domestic savings, with a certain slowdown in the consumption rate.

Government officials need to clear up doubts about fiscal matters. This is the reason for the cutback in public administration expenditures and the announced escalation of the struggle against tax evasion.

First, the DGI [General Directorate of Taxation] will concentrate on the stores established on the Atlantic Coast and at other tourist centers during the summer season, as there is information that 25 percent of our country's businesses evade taxes.

Another threat involves implementing the measure of reinstating employers' contributions in the provinces that did not fulfill the shared tax system, a measure that will also serve as a sort of punishment for administrations that are resisting the economic adjustment.

There is also the utterly feared unemployment inferno.

The initial idea of a small "demand incentive" during the first months gradually lost strength with regard to the market crisis and the need to properly balance the accounts. Moreover, some measures are pointing at certain recessive cutbacks, which might be increased after the ballot boxes have determined the name of the next chief executive for the coming four years. Not by happenstance, polling company projections show a 14 percent unemployment rate for mid-1995.

According to an INDEC [National Institute of Statistics and Census] survey, the current unemployment rate exceeds 12 percent. The survey, however, does not take into account the high unemployment rate in rural areas.

If the regions lying far away from urban centers are taken into account, it is believed that the current unemployment rate already totals about 14 percent.

The lack of job opportunities is being experienced strongly in the interior of our country, where popular demonstrations are spreading.

About 3.5 million unemployed and underemployed people, and the additional cutbacks in all areas, represent potential sources of conflict.

Government officials will therefore speed up the implementation of the new rules on flexible labor standards, as they are convinced that these rules will help reduce the unemployment rate.

These rules will especially involve the small and medium-sized enterprises that are responsible for 70 percent of the employment rate, but have been severely punished by the economic adjustment during the past few years.

'Renowned' Economists Discuss 'Turning Point'

PY0901231895 Buenos Aires TELAM in Spanish 2005 GMT 8 Jan 95

[FBIS Translated Text] Buenos Aires, 8 Jan (TELAM)—Ten economists, renowned nationally and internationally, have emphasized that Argentina has reached a turning point between the achievements of the convertibility plan and the challenges of sustained development.

In former Economy Minister Alvaro Alsogaray's opinion, "there will not be many changes before the elections, which means that the problems will keep accumulating."

Ricardo Lopez Murphy, chief economist at the Latin American Economic Research Foundation (FIEL), noted that the only way to reduce unemployment in 1995 is "by strongly increasing investments." He stressed: "We can no longer bear a trade deficit like that of 1994, for the simple reason that we will not have any financing."

UCR [Radical Civic Union] economist Jose Luis Machinea believes that the government "must issue clear signals and prevent nervousness before May 1995; otherwise it would be counterproductive."

Machinea, who is also an Argentine Industrial Union (UIA) adviser, added that in order to reduce the impact of the fiscal deficit problem, "the government will have to take measures before May, because otherwise the insecurity would increase."

Former Central Bank President Enrique Folcini believes 1995 "will be divided into two stages: The first, before the elections, will be strongly influenced by the electoral campaign; the second will encompass the second half of the year." Concerning this second stage, Folcini expects "an adjustment that basically involves fiscal matters, with some recessive impact."

These interviews are included in an article on our country's prospects for 1995, published by the magazine BANKERS AND ENTREPRENEURS that will be issued tomorrow.

The magazine also includes remarks by Lorenzo Sigaut, Adalberto Rodriguez Gavarini, Javier Gonzalez Fraga, Aldo Ducler, Rodolfo Rossi, and Martin Redrado, among others.

In former Economy Minister Lorenzo Sigaut's opinion, "the domestic economic context will not play, as in other electoral stretches of this presidential term of office, a definitely positive role."

Javier Gonzalez Fraga, a former Central Bank president and current Argentine Capital Market Institute head, said: "Mercosur [Common Market of the South] will force Argentina to seek industrial specialization and become increasingly competitive."

Gonzalez Fraga stressed: "It is thus unavoidable that some segments will disappear." Adalberto Rodriguez Giavarini, an economist linked to [UCR leader] Fernando De La Rua, said: "Among all the productive segments, the construction segment will be the most dynamic in 1995."

Central Bank Approves Measures To Help Banks

PY0901160395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1752 GMT 7 Jan 95

[FBIS Translated Text] Buenos Aires, 7 Jan (NA)—Central Bank President Roque Fernandez said today that more than 10 banks have taken advantage of flexibily measures adopted by the Central Bank in order to alleviate the liquidity problem afflicting the financial market.

The Central Bank created a mechanism for the sale of assets between banks and authorized inter-bank loans, which must be guaranteed by bonds and shares, to help cover financial institutions' loses produced by last week's financial crisis.

The Central Bank also exempted banks from fulfilling some technical norms in order to increase the liquidity of banks with problems.

Fernandez explained: "When a bank purchases the portfolio of another financial institution, it becomes more exposed. This might violate regulations on credit risk sharing. We are analyzing the situations that are presented to us in order to exempt this or that bank from those regulations."

Fernandez also said: "If an institution completes its package of compulsory deposits in one way, but needs to do it in another way, we will permit it after a careful analysis of the situation."

The Central Bank studies the requests for exceptions on a case-by-case basis to prevent risking banking structures.

Fernandez said that with the crisis, some entities "lost deposits, while other entities gained them. It is, therefore, reasonable to allow the latter to finance or purchase the losing bank's loan portfolio."

The problem was caused by a steep drop in the price of bonds owned by financial institutions, which particularly hurt the Extrader bank. This bank was suspended for 30 days because it was unable to fulfill its obligations.

Fernandez said the Extrader case instilled "fear and uncertainty" into the financial system.

The Central Bank president said, however, that entities' portfolios "are solid because they are guaranteed by mortgages and securities, that is, with a large number of active operations with secured profit."

Fernandez said the Central Bank "is talking with banks to see how it can cooperate in order to change regulations that are too rigid and affect the transfer of portfolios and sales."

Foreign Ministry Declines To Comment on Bomb Threat

PY0901135595 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0123 GMT 7 Jan 95

[FBIS Translated Text] Buenos Aires, 6 Jan (NA)—This evening Deputy Foreign Minister Fernando Petrella declined to comment on the alleged bomb threat against the Argentine Embassy in Asuncion made by the Islamic terrorist group Hamas. He asserted that "it was incumbent upon security organizations which handle this information to voice an opinion on the aforementioned threat."

In remarks made to NOTICIAS ARGENTINAS News Agency, Petrella expressed regret that he could not give any information about the bomb threat and made it clear that the Foreign Ministry's stance on the issue "is not to give any opinion."

It was leaked this evening that the Argentine Embassy in Asuncion had allegedly received a note signed by the Islamic Resistance Movement (Hamas), which threatened that embassy with a possible terrorist attack.

The Argentine justice system suspects that this terrorist group may have been involved in the attack on the Argentine-Israeli Mutual Association (AMIA) in Buenos Aires last 18 July.

Meanwhile, security personnel at the Argentine Embassy in Asuncion told NOTICIAS ARGENTINAS that word came from the Argentine Foreign Ministry that "no information was to be released on the subject." Nevertheless, the same sources confirmed that the Asuncion Police placed the embassy "on preventive alert."

Petrella said that Foreign Ministry officials "phoned Argentine Ambassador to Paraguay Nestor Ahuad," but he refused to provide more details. "I am sorry I cannot make any comments, but the Foreign Ministry believes that this question should be handled by security forces, which have a thorough knowledge of the subject," he said by way of apology.

Likewise, it was also leaked that spokesmen from the State Intelligence Secretariat (SIDE) had minimized the seriousness of the note, although they had not examined the subject thoroughly.

Security Heightened at Paraguay Embassy

PY0901140695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1630 GMT 7 Jan 95

[FBIS Translated Text] Buenos Aires, 7 Jan (NA)—In the past few hours the government ordered a reinforcement of security measures at the Argentine Embassy in Asuncion. The measure is in response to an alleged threat issued by the fundamentalist group Hamas against the embassy.

Deputy Foreign Minister Fernando Petrella told NOTICIAS ARGENTINAS that among the additional measures was "a reinforcement" of the security regularly adopted at the embassy. "Foreign Minister Guido Di Tella has decided to implement four or five measures, almost all of them in that area. Border Police agents in Asuncion were instructed to be more alert," Petrella said, referring to the measures the government adopted in view of the threat.

Last night it was reported that the Argentine Embassy in Paraguay received a note signed by the Islamic Resistance Movement (Hamas) threatening a possible terrorist attack on the diplomatic mission.

The police are studying the activities of this Islamic movement. They have not ruled out the possibility of the participation of a terrorist group in the attack on the Argentine-Israeli Mutual Association (AMIA) in this capital on 18 July.

Argentine Embassy security personnel, meanwhile, told NOTICIAS ARGENTINAS that the Foreign Ministry has ordered the embassy "not to release any type of information" on the alleged threats. The spokesmen confirmed, however, that Asuncion's police department ordered "a preventive alert" around the embassy.

Petrella said Foreign Ministry personnel contacted Argentina's ambassador to Paraguay, Nestor Ahuad, but refused to give any details of the conversation.

"I regret not being able to issue any report, but the Foreign Ministry understands that something like this should be handled by the security organizations, which know more about the problem," the deputy foreign minister said by way of apology.

It was also known that Secretariat for State Intelligence (SIDE) spokesmen had minimized the seriousness of the note.

Menem Urges Nuclear Plant Privatization

PY0901153895 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2200 GMT 6 Jan 95

[FBIS Translated Text] Buenos Aires, 6 Jan (NA)—President Carlos Menem warned today that construction of the Atucha-2 nuclear power plant "will have to stop" if it is not privatized because "we do not have money nor do we know where to find additional financing."

Menem reiterated the administration's plan to privatize the power plant, located in the Buenos Aires county of Zarate, adding that the power plant's transfer must be carried out as soon as possible. "There are 4,000 men working in this facility, but we will have to stop construction if it is not privatized," the head of state said, warning about the labor problems that would result from interrupting the job.

Menem argued that "we do not have the resources nor do we know where to find additional financing" to continue the job.

Decree 1540, which reorganized the National Commission for Atomic Energy (CNEA), opened the doors for Atucha 2's "total privatization." This measure, signed by Menem on 30 August 1994, also authorized the sale of the Atucha-1 and Embalse de Rio Tercero nuclear power plants.

The process to break up the CNEA started with the creation of the Nuclear Regulatory Agency [Ente Regulador Nuclear], an autonomous entity subordinated to the nation's presidency and assigned the responsibility for supervision and regulation of nuclear activities. These activities were previously carried out by the CNEA. The same decree created a state corporative society called Nucleotronica Argentina, which became the owner of the three power plants, with the firm determination of privatizing them.

The CNEA break-up decided by Decree 1540 greatly annoyed then CNEA president Manuel Mondino, who decided to resign his post in the midst of a great controversy. The decree declared "open to privatization the entire area of nuclear-produced electricity" under the jurisdiction of the incorporated society created by the decree, and decided that the authority to implement the program would be the economy and the public works and services ministries.

It was also decided to transfer the job of directing and building Atucha-2 to private companies. This means that the company that purchases the plant will be obligated to finish it.

Army Chief of Staff Appoints Aviation Group Chief

PY0901223595 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0237 GMT 9 Jan 95

[FBIS Translated Text] Buenos Aires, 8 Jan (NA)—Military sources have confirmed that Lieutenant General Martin Balza, the Army chief of staff, tonight appointed Lieutenant Colonel Juan Carlos De Marco as Regiment No. 601 Campo de Mayo Aviation Group chief, replacing Colonel Ezequiel Luzuriaga, who died recently.

According to a resolution signed by Balza himself, the new military aviation regiment chief will be installed in his post within the next few hours.

De Marco will replace Col. Luzuriaga, who drowned on 6 January in the Brazilian city of Florianopolis while surfing with his son.

Col. Luzuriaga and his family were spending their vacation on the Brazilian coast. He was enveloped by a huge wave that dragged him into the sea, killing him.

Police Explain Discovery of 'Old' Explosives

PY1001001695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1725 GMT 7 Jan 95

[FBIS Translated Text] Buenos Aires, 7 Jan (NA)—The Argentine Federal Police today explained that the eight bars of TNT seized during a raid carried out on a warehouse next to the Highland Park Country Club in the town of Pilar in Buenos Aires Province, 30 km outside of Buenos Aires, "have been there for over four years." The federal police emphasized that "no persons or facilities at the country club have ever been at risk."

Through a communique bearing the signature of Deputy Superintendent Jose Osvaldo Deriu, the police ruled out the possibility that "the seized material is related to recent attacks." The communique indicates that investigations are being pursued.

The eight "obsolete" TNT bars were discovered at a country house in Pilar that was going to be visited by DAIA [Delegation of Argentine-Israeli Associations] head Ruben Beraja, and had been linked to an attack threat received by the Argentine Embassy in Asuncion, Paraguay, for which the Islamic terrorist movement Hamas claimed responsibility.

Some reports indicated that grenades were also discovered, but the police only mentioned TNT.

The police explained that they received an anonymous report on 4 January, and that a decision was made to raid the Highland Park Country Club. Interior Minister-designate Carlos Corach also owns a house there.

Government House officials explained that this discovery "represents nothing more that a trade union problem," because the Country Club's security company had fired an employee and this employee took revenge by making the report.

Bolivia

Armed Forces To Give Priority to Drug Enforcement in 1995

PY1001004595 Cochabamba LOS TIEMPOS in Spanish 21 Dec 94 pp A1, A9

[FBIS Translated Text] La Paz, 20 Dec (LOS TIEMPOS)—The Armed Forces have announced that actions to "support" drug enforcement will be their first priority next year. They warned, however, that the implementation of the plans drawn up in this field will need "a new initial concept" that will have to be promoted by the high military command in coordination with the government.

This announcement was made here after the commanders of the Army, Air Force, and Navy, Generals Adel Montero and Oscar Sanchez and Vice Admiral Remberto Barrios respectively, were sworn in today at their military garrisons in ceremonies held at different times in this capital.

Army Commander Gen. Adel Montero and Navy Commander Vice Adm. Remberto Barrios said that their "military commands" will give priority as of January 1995 to drug enforcement, "with the support of the special interdiction task forces in support of drug enforcement, the 'Green Devils' and the 'Blue Devils.'"

Gen. Montero said: "Our duty in the Army on the drug enforcement issue has been defined. We will continue to fulfill our specific military functions in strict compliance with the agreements signed by the Bolivian and U.S. Governments to fight drug trafficking."

Navy Commander Vice Adm. Remberto Barrios said that his command has established as its main goal for 1995 "to give special attention to the support of drug enforcement."

Barrios said: "The Navy is most interested in providing help with its 'Blue Devils' task force to the Special Antinarcotics Force (FELCN) in actions of interdiction against drug trafficking and precursors."

Vice Adm. Barrios, who was confirmed as Navy commander replacing Adm. Julio Molina Padilla, said that the Navy continues to carry out important work in this field through the implementation of "plans and strategies" drawn up in the country.

Barrios added: "We all understand that our work is important."

Air Force's Deputy Chief Installed Under Protest

PY0901171395 La Paz PRESENCIA in Spanish 28 Dec 94 p 7

[FBIS Translated Text] (ANF)—Military chiefs of the Bolivian Air Force (FAB) have expressed their discontent regarding the recent naming of General Rafael Berzain (1966), a close relative of Presidency Minister Carlos Sanchez Berzain, as second in command of the FAB.

An official communique indicates that during the afternoon of 27 December, General Berzain was installed as chief of staff of the General Command of the FAB "with the approval of the president and commander in chief of the Armed Forces."

This notwithstanding, unofficial reports indicate that Berzain does not have the seniority nor the necessary points to assume that high-ranking post. "Carlos Bejar is the general who meets all the legal and regulatory conditions," they said.

They also indicated that within the next few hours the "irregular naming of General Berzain" is going to provoke discontent due to the fact that mid-ranking officers will be wronged with "an accumulation or multiplicity" of "factors."

The military chiefs who were interviewed stressed that "the military leadership did not respect the FAB's institutionalism." They also stated that the full respect demonstrated by the captain general in the just naming of the military high command should be taken as an example.

In a special ceremony that was held on 27 December, FAB Commander in Chief Oscar Sanchez Reguerin installed Brigade General Rafael Berzain Rodriguez as the FAB's second in command in the presence of the chiefs of the departments of the 1st Brigade and personnel of the FAB's headquarters.

Sanchez Reguerin stressed that Berzain's career is well known, and that his efforts and capability will be a contribution to the recovery of the FAB's military essence.

"We will give priority to the reactivation of the transport units, the fighter units will be given more potential, and the search and rescue groups will be revitalized," the FAB's commander in chief said.

It has also been reported that General Freddy Balderrama Casanovas was installed as chief of staff "without any dissension."

Report Evaluates Coca Eradication Program

PY0901222795 La Paz PRESENCIA in Spanish 28 Dec 94 Section 2 p 1

[FBIS Translated Excerpt] The National Directorate for Agricultural Reconversion (Direco) was able to reduce or eradicate, despite all the problems, 4,409.34 hectares of coca and 17,525.25 square meters of seed beds in the tropical region of Cochabamba Department and in the Yungas of La Paz Department from January 1993 to September 1994.

The proposed goal was, therefore, almost achieved, that is, the eradication of 5,500 hectares of coca and 20,000 square meters of seed beds. The eradication of coca represents 80.17 percent of the proposed goal, and the eradication of seed beds is 87.63 percent of the proposed goal, therefore, 1,090.54 hectares of coca and 2,474.75 square meters of seed beds remain to be eradicated.

According to the information obtained, the eradication of legal and/or traditional coca was 4,174.61 hectares, and the eradication of new coca was 234.83 hectares during that period.

The average price of coca up to September 1994 was 228.94 bolivianos [per unit not specified]. The highest price was registered in July 1993 with 351.61 bolivianos, and the lowest in April 1994 with an average of 123.6 bolivianos.

The U.S. Government, in accordance with the 1961 foreign assistance program, decided to grant Bolivia a donation of $20 million to support the balance of payments and to promote economic stabilization and reactivation, with the prospect of increasing the donation by an additional $20 million with the possibility of future changes. [passage omitted]

The external and internal problems encountered in the eradication of coca have led to the preparation and implementation of a new strategy based on negotiations with the unions of coca growers and with the grassroots, and not only with those in the important coca growing areas, but also in the eight subregions of the tropical zone of Cochabamba.

The new mechanism has also allowed for the implementation of social and production projects, and the investments made so far have reached approximately 1,188,164.38 bolivianos. Direco has thus become responsible for social and productive infrastructure projects. In fact, this responsibility was consolidated with a donation of $750,000 to the Agricultural Donation Fund and $1.1 million to the Immediate Impact Project Program, which are managed by Direco.

"The effects of the work strategy have collateral repercussions, allowing Direco, as an institutional member of alternative development, to become an agent for change with credibility for technical work and not for repression," according to the report released by Direco, which put into operation three elements: "reduction, replacement, and development."

Some achievements were also made in the past. The active implementation of coca reduction started in September 1987. More than 1,000 hectares were eliminated from September 1987 to January 1988, with a compensation of $2,000 per hectare. The established goals were fulfilled, and some were even surpassed (1990) in the actions taken from 1990 to 1992. The achievements made from January 1993 to September 1994 cannot be "rejected" either, "with the understanding that there were irregular situations during that period that delayed the actions carried out by our brigades," according to the Direco report.

Oil Companies To Explore in Secure Area

95SM0100A La Paz PRESENCIA in Spanish 6 Dec 94 p 9

[First paragraph is PRESENCIA introduction]

[FBIS Translated Excerpt] YPFB [Bolivian Government Oil Deposits], REPSOL, ELF, BHP, and Maxus have signed an operating contract for the "Secure Area." The exploration area will be 1,337,210.06 hectares, with a total investment of $30 million, the largest ever in Bolivia.

Petroleum exploration will begin soon in the "Secure Area," an area of 1,337,210.06 hectares located in Cochabamba and Beni Departments, to be conducted by the Spanish consortium REPSOL Secure Exploration and subsidiaries of ELF, Maxus, and BHP. The initial investment will be $4 million, and the total investment—over a seven-year period—will be $30 million.

The contract was signed yesterday by YPFB and the international consortium composed of REPSOL of Spain, the U.S. firm BHP Petroleum (a subsidiary of BHP-Australia), the French firm ELF Hydrocarbons Bolivia, and Maxus Bolivia of Canada.

The contract was approved by Supreme Decree 23861. The consortium leader will be REPSOL. The agreement also states that the consortium will conduct operations on its own behalf and risk, but in the name and as the representative of YPFB.

YPFB is not required to make any investment. Therefore, it will not assume any risk or liability for the investments or results of the contract.

The government decree indicates that these operations will in no way mean any alienation or conveyance of state resources.

The term of the contract will be 30 years, a period which can not be extended, with a seven-year exploratory phase divided into one basic period of four years and three additional years.

Total investment in the project will be $30 million. During the first three years $4 million will be invested in drilling an exploratory well to a depth of 3,000 meters and conducting seismic studies.

YPFB's chairman, Mauricio Gonzales, expressed hope of finding petroleum in the area, "bearing in mind, though, the high degree of risk stated in the contract."

He cited the weaknesses of Bolivia's petroleum contract operations, recalling that it took REPSOL and Maxus four years to get the contract signed. "The government," he said, "has proposed amending the Hydrocarbons Law to make the process of investing in this sector more flexible."

He announced that the consortium will operate in "an area to be served by the Carrasco-Colpa gasline" in Cochabamba, which was opened last week. He said that if natural gas is found, it will be easy to handle its distribution to the nation's potential markets.

REPSOL's chairman, Antonio Gonzalez, representing the consortium, then expressed his satisfaction about the contract signing.

The executive said that at the present time the oil business is going through difficult circumstances, with crude prices on the same level as during the 1973 crisis.

"This factor, combined with widespread pessimism, has forced the oil companies to curtail their investments," he added.

Then Bolivia's national energy secretary, Carlos Miranda, recalled that this is the third time Spanish oil companies have come to Bolivia. The first time, which was not very successful, was when REPSOL was known as Hispanoil, in the days of the Gulf nationalization. The second time, when the General Hydrocarbons Law was promulgated, was also unsuccessful. And the third time is now culminating with the signing of this exploration contract.

Miranda also said that the contract calls for environmental preservation, and noted that YPFB has a environmental conservation system that protects the ecology very well. He added that they are working with the Ministry for Sustainable Development on environmental protection legislation for oil-producing areas.

Finally, Minister of Human Development Jaime Villalobos welcomed the international consortium, expressing the hope of increasing the potential and production of hydrocarbons.

He said the borders between Cochabamba and Beni need to be defined so that royalties can be distributed.

Bolivia Key in Latin American Energy Market

The chairman of the Spanish oil firm REPSOL Secure Exploration, Adalid Gonzalez, said that Bolivia—because of its geographic position—will in the future be a key country in the Latin American energy market.

"The plans discussed, like gas sales to Brazil and other bordering countries, are viable, and I would not be surprised if they came to a successful conclusion," the executive told PRESENCIA.

Gonzalez made that statement during the signing of the petroleum operating contract for the Secure Area between the Spanish state petroleum firm REPSOL, the French ELF Hydrocarbons Bolivia, BHP Petroleum (Bolivia, Inc.) of the U.S. division, and Maxus Bolivia of Canada.

The natural gas and petroleum exploration area is located in Cochabamba and Beni (Ballivian, Yacuma, and Moxos provinces).

Activity will begin in March 1995. Next week there will be a technical meeting among the partners to discuss operating strategy.

"I can announce that we will move more quickly than we agreed to do, accelerating our investments," said Gonzalez.

According to the Spanish oil executive, who was responsible for his company's privatization, Bolivia's energy resources "will depend on the results of the exploration program to be conducted," as "it is hard to predict the results of a risky activity like petroleum exploration." [passage omitted]

Importance of Carrasco-Colpa Gasline Detailed

95SM0100B Cochabamba LOS TIEMPOS (FACETAS Supplement) in Spanish 4 Dec 94 pp 6-7

[Article by Carlos Heredia Guzman; first paragraph is FACETAS introduction]

[FBIS Translated Text] Carrasco—Cochabamba is asserting this firm intention: to become the energy capital of Bolivia. Last Thursday the 190.5 kilometer gasline carrying gas produced in the Cochabamba tropics to Colpa reached the Carrasco oilfield. At Colpa, the gas is transferred to the Rio Grande plant for export, and it is also routed to western Bolivia through the line to Valle Hermoso, thus becoming if not the largest, the most strategic project for our national development. Construction of the pipeline to Valle Hermoso will be the new route for hydrocarbons produced in Cochabamba.

"Today Bolivians can not think about our country's development without thinking of sharing that development with our neighbors, and we can not think of that development as eroding the land, ruining the environment and damaging and dirtying ourselves," said President Victor Hugo Cardenas, when he opened a valve in the Carrasco oilfield and put out a gas flare that was burning at a rate of 20 million cubic feet a day. This action starting the operation of the Carrasco-Colpa gasline was called an integration test.

This gasline is of enormous importance to our national development; it will link Cochabamba and Santa Cruz and will also connect Bolivia with Brazil and other countries that will benefit from Bolivian gas exports. And Bolivia must realize that this development will be generated from our own resources, so the startup of the Carrasco-Colpa gasline is a message of unity for all Bolivians, indicating that beyond thinking of our regions, our departments, or our sectors, we must think of the development of the nation as a whole.

This was a solemn ceremony, and it is vital for the nation because the Carrasco-Colpa gasline will avoid the burning or venting of 100 million cubic feet of gas a day in the Chapare oilfields and the "boomerang" belonging to Santa Cruz. This was a joint effort conducted by YPFB [Bolivian Government Oil Deposits] and its national and foreign associates, enabling this job to be carried out in the best possible manner in no more than nine months, and using advanced technology.

Objectives

This vital project had three major objectives: bringing the natural gas production of the fields in the Chapare-boomerang area, including the Carrasco, Catari, Bulo

Bulo, Vibora, Cascabel, and Yapacani fields, to the export center in Colpa to be sent on to Rio Grande, where the gas will be reinjected for later export.

A second objective is to avoid burning or venting gas in wells producing oil, making its transport and later use possible.

And finally, to increase the extraction of liquid hydrocarbons in fields not being worked now. Some are being repaired or explored, and these fields will later be brought into this network so that production can be increased, but this time without burning off gas.

Characteristics

The Carrasco-Colpa gasline has a total length of 190.5 kilometers. A first section, Carrasco-Vibora-Yapacani, is 76.2 kilometers in length with a 12-inch diameter. The Yapacani-Colpa section is 114.3 kilometers long with a 16-inch diameter. The transport capacity of the first section is 120 million cubic feet of gas a day, and the capacity of the second section is 188 million cubic feet a day. Now they will gradually begin to transport 100 million cubic feet more a day at a starting pressure in Carrasco of 1,350 pounds for per square inch, reaching the Colpa plant, the terminal, at a pressure of 850 pounds per square inch. Then the gas will be routed to the Rio Grande field where a reinjection plant will transport this natural gas to other countries and to the absorption plant to recover natural gasoline.

Project Execution

The Carrasco-Colpa gasoline was built through an international public bid with IDB funding and YPFB resources. The project was awarded to the Servipetrol-Serco [expansions not given] consortium, which are Bolivian companies, and to Mendez Associates, a Brazilian firm. In two large rivers, one of them the Yapacani, whose width ranges between 750 and 820 meters, horizontal drillings were made for the gasline. This was an important advance, the first of its kind in South America, allowing efficient work with advanced technology, and completion of the project in record time. The project was supervised by YPFB's technical personnel with specialized consultation from Teco of Canada, which is now providing technical assistance to YPFB.

Project Cost

To build the Carrasco-Colpa gasline the Inter-American Development Bank lent Bolivia $20,450,000 and YPFB contributed $5,050,000 to the project, whose total cost was $25,500,000. It is important to note that 500 people were hired for this project, including technical people, assistants, and administrative personnel.

Natural Gas Production, Use, Injection, Burning and Delivery

All the oilfields served by the Carrasco-Colpa gasline have a total production of 224 million cubic feet a day, of which 2.6 million cubic feet a day are used for fuel; in some of these fields 104 million cubic feet a day is injected into the pipeline, while 17.7 million cubic feet a day of low pressure gas is burned a day. High pressure gas is burned in all the fields that do not have a gasline or a reinjection plant. This is 99.4 million cubic feet a day. But starting last Thursday with the opening of the Carrasco-Colpa gasline, those 99.4 million cubic feet of gas a day will no longer be burned, and in upcoming phases, the burning and venting of gas will be gradually reduced.

Carrasco-Colpa is a group project and effort which had a single objective: to advance both the nation's and the region's development.

Who Benefits From the Carrasco-Colpa Gasline?

[Interview with Roger Revuelta, spokesperson for the Civic Committee]

There are proven hydrocarbon structures in the Cochabamba tropics. Exploratory wells need to be drilled in all the fields that have been checked by YPFB to survey systematically the region's potential hydrocarbon production. A structure to transport the liquids produced to the west will be highly beneficial for the nation, not just for Cochabamba.

[FACETAS] How does the Civic Committee view this new energy strategy?

[Revuelta] This is quite significant for the Chapare's hydrocarbon resources. We have to express our opinion, not only about the construction of the gasline for export, but also about the additional cost and the sacrifice of a day without work for the people of Cochabamba. The inclusion of Cochabamba in this important project was not a free concession. We believe that as Cochabambans we considered this project objectively and we thought of the nation first. Many people criticized us when we said it was a criminal act to burn gas in the Cochabamba tropics. Now they recognize that burning gas ia a crime. We are not going to sit back and rest now. In 1995 we are going to take on the construction of the Carrasco-Chillijchi-Valle Hermoso pipeline. We have the project, we have the final design completed, and we have the determination. As always, we have to discuss the percentage of export gas. How much will Cochabamba's share be? We have to discuss that market.

[FACETAS] How does sending gas from Carrasco to Colpa, in Santa Cruz, benefit Cochabamba?

[Revuelta] We will start to receive royalties. For example, the Carrasco oilfield, which was burning 20 million cubic feet a day, will now generate daily revenues of about $3,500 to $4,000 for Cochabamba in royalties. The Bulo Bulo, Surubi, Catari, and other fields will be included in this gasline, and that will mean that almost 100 million cubic feet a day will be sent through this gasline to the domestic market and for export.

[FACETAS] Was it not the Civic Committee's policy to demand that the government build a line from these hydrocarbon fields to Valle Hermoso?

[Revuelta] The first thing that needs to be made clear, and I say this with the risk of being criticized by other regions, is that it is very dangerous to concentrate our entire hydrocarbon potential in a single department.

[FACETAS] Why dangerous?

[Revuelta] We have some experience in this area. When there was a failure in a section of the gasline because of torrential rains in the Santa Cruz valley, in the section from Santa Cruz to Cochabamba, the entire western part of the country was hurt by the gas shortage. There was no gas, and we had to go back to the days of burning wood for fuel in La Paz, Oruro, Potosi, and Cochabamba. Moreover, as part of a national strategy, exclusive services should not be concentrated in a single department.

[FACETAS] What national strategy?

[Revuelta] The strategy that energy produced for consumption should be dispersed and not concentrated in a single department. The Valle Hermoso refinery should operate at full capacity and with a direct line from the Chapare to Valle Hermoso, not by transporting petroleum crudes traveling 500 to 600 kilometers and then turning back through Santa Cruz. We want a 162-kilometer pipeline to Valle Hermoso, which will obviously lower costs.

[FACETAS] Are there any studies on building this pipeline to Valle Hermoso?

[Revuelta] The Investment Law, such as it is, covers Cochabamba, by providing a mechanism for sharing risk with foreign companies. There are ways when people want things to be done. The construction of the pipeline to Cochabamba is a national, not just regional or departmental, necessity.

[FACETAS] What is the mechanism for controlling the quantities and quality of the gas and petroleum leaving the Chapare fields?

[Revuelta] Control is done at the mouth of the well, but in the CORDECO [Cochabamba Development Corporation] board of directors we approved the creation of the Hydrocarbons and Energy Unit with professionals who will be convened soon to deal with the Chapare. In some cases when a department wants to control its own resources, it has its own personnel to represent interests which are not primarily national, but regional. That is the reason for forming the Corporation Unit, paid for with Corporation money, which will also represent Cochabamba's interests.

[FACETAS] Do you foresee Cochabamba as the nation's energy center?

[Revuelta] I firmly believe what Minister Sanchez Berzain said: Cochabamba must become an energy department. It has been proven that the Chapare is an area with great reserves and there are reports on studies made under the former government saying that Cochabamba must think about hdyrocarbons. This nonrenewable resource has to be used and developed in the best way possible.

[FACETAS] The strategy for 1995...

[Revuelta] In 1995 we will demand a nonpolitical budget, a budget that is technical, viable, and reasonable. Moreover, drilling more oil wells is not only good for Cochabamba; it is good for the entire country. For example, if it had not been for the Bulo Bulo gas field, the construction of the gasline to Brazil would certainly not have been as viable. And I want to make a clarification about the way it was done. They did not exclude those 56 kilometers linking Carrasco to Vibora just because they wanted to, but because other interests were involved.

[FACETAS] Can we uncover those interests?

[Revuelta] The interests are regional and group interests; they always told us there was definitely no petroleum in the Chapare. But now we know there is petroleum and there are gas fields of great importance; this will be further confirmed by the reports coming from the studies of reservoirs that will show us with absolute clarity and great precision that the statements made in the past are not true. Now we have been proven right: We did not take a fraudulent position, demanding the construction of the Carrasco-Colpa gasline was not a demagogic position, it was a totally reasonable position, viable, and technically justifiable position. At one time people accused us of going after votes, of adopting a demagogic position, but we were right and now we can say so.

Condepa's Palenque Discusses Career, Opposition

95SM0101A La Paz HOY in Spanish 4 Dec 94 pp 8-9

[Interview with Condepa leader Carlos Palenque by HOY reporter in La Paz; date not given]

[FBIS Translated Text] Dressed informally and with his wife Monica and two small children—Jorge Luis and Ana Carolina—at his side, Carlos Palenque, the national leader of Condepa [Conscience of the Fatherland], received the HOY reporter at his home in the southern zone of the city to discuss various current national topics and some aspects of his personal life.

The popular and multifaceted "friend and neighbor"—who dreams of having his office in the Palacio de Gobierno so that he can change the course of national history in five years by changing the model—said that he is not a jealous person and that he is not bothered by his wife's growing popularity, because it is the fruit of his labor.

"She is my creation," Palenque stated. He is pleased at the success of his companion, who was named recently by TIME magazine as one of the 100 most distinguished young leaders in the world.

He also defined himself as a "rare political leader," because, he said, he works from 6 a.m to 11 p.m.

In his opinion, the administration of Gonzalo Sanchez de Lozada has in effect adjourned and "the only thing it does effectively is lie." For that reason, he is preparing to be a "victorious option" in 1997.

[HOY] Deep down inside, are you not jealous of the position now held by your wife, Mayor Monica Medina, who is listed among the 100 most distinguished politicians in the world?

[Palenque] No, there can be no jealousy. Monica is my creation: her best university—her best school—was the people's platform. It was there that she learned to love, to understand, and above all to find the strength to do what she is doing.

I want Monica to pursue her rising career and to record important achievements, because Condepa consists not merely of prominent persons but rather of contributions that persons from all sectors—intellectuals, workers, businessmen, and professionals—have made to the plan.

No one should suddenly attempt to take advantage of the plan for their personal aggrandizement, and we have never allowed that to happen. Instead, the plan should utilize its intellectuals, its entrepreneurs, and its workers—and their leaders—to press forward, because the Condepa plan is designed not for the next 10 years but for the next 50.

[HOY] Are you not afraid of the "Higuchi syndrome"?

[Palenque] No, that is a very different matter. I suspect that those problems were of a different kind. I am beginning to think that it was merely a perfect theatricalization of the Japanese personality and was designed to attract attention, because the couple is doing quite well again. It was a publicity stunt that was perhaps very well planned and coldly calculated....

[HOY] If they told you that you were going to be president for 24 hours, what measures would you immediately take?

[Palenque] It is difficult to change anything in 24 hours. The appropriate time frame is the five years prescribed in the Constitution, in which case—if I were to take office as president of the Republic—the first thing I would do would be to change the ultraneoliberal model that is currently being applied by the government: a model that during the 10 years of its application has merely increased poverty and unemployment and—regrettably—led to the breakup of the family, an increase in the indices of delinquency and crime, and the paralysis of the national economy.

[HOY] Doesn't Carlos Palenque the businessman contradict Carlos Palenque the politician?

[Palenque] No, he does not, because business is the activity to which I devote myself every day and the one that supports my family. We are supported by the entrepreneurial activities to which we have devoted ourselves, not by politics. I am a rare political leader: I work from 6 a.m. to 11 p.m.

[HOY] Which is your favorite rostrum—the people's platform or the Palace of Government?

[Palenque] All my life it has been the Palace of Government, because that is where real decisions are taken and where those things that we regard as unjust and harmful to our country are changed.

[HOY] Whom do you prefer, Paz Zamora or Gonzalo Sanchez de Lozada?

[Palenque] There is a big difference between the two; they are two completely different personalities. I do not have a preference for either one, however.

[HOY] Does Carlos Palenque like his politics to be exciting or otherwise?

[Palenque] I like all aspects of politics. It is the most complete discipline of all human disciplines. I enjoy practicing politics, but a brand of politics that does genuine good for the country, for its majority peoples, and for the Bolivian people as a whole.

Politics in Bolivia suffers from major shortcomings, because we have national parties that are used to a style of politics to which we are not accustomed.

Condepa is transforming politics in Bolivia. It began its activities by bringing the political leaders together specifically to enable them to resolve national problems. It seated at the negotiating table the then head of the ADN [Nationalist Democratic Action], Hugo Banzer; Jaime Paz Zamora; Oscar Eid; and Antonio Aranibar himself. We have practiced the same brand of politics during the Gonzalo Sanchez de Lozada administration: that is to say, the politics of conciliation, dialogue, and—basically—understanding.

[HOY] What is your assessment of the 16 months of the Gonzalo Sanchez de Lozada administration?

[Palenque] The first thing that comes to mind in making an objective assessment of the administration of Sanchez de Lozada is the erratic manner in which he has steered the ship of state. His lack of decisiveness at a time when the most serious—and most insignificant—problems need to be dealt with has already become a constant. A haughtiness, an aggressiveness, an unwillingness to conciliate, and—above all—a total inability to engage in dialogue characterize the present government and its actions.

If we add the fact that this administration has not fulfilled a single one of the planks in its campaign platform but has instead frustrated the hopes of those Bolivians who had placed their trust in the theses of the ironically named "Plan for Everyone," we then have a picture that is truly depressing. Not only are there not

500,000 to 750,000 new jobs but the newly unemployed already number close to 50,000. Far from being combated vigorously, corruption has increased to alarming limits, particularly within the public administration, the National Customs, and other institutions. And far from being reactivated, the apparatus of production continues to be destroyed by the neoliberal policies that act as a disincentive to investment and frighten off domestic and foreign capital. Capitalization, popular participation, and education reform are merely laws—documents devoid of content—that have no prospect of implementation because the only thing they have accomplished is to turn the entire nation against the government.

The Church, the Armed Forces, the Bolivian Labor Federation, the private business sector, the peasants, civic committees, and all economically active elements in the nation have risen in protest against the government, as a result of the arrogance and incompetence of an administration that can do only one thing well: lie.

[HOY] What is the administration's greatest achievement, and what is its biggest mistake?

[Palenque] The truth is that no matter how hard I try, I seem unable to recall a single achievement by the government. On the contrary, I believe this administration's principal mistake is its failure to fulfill its campaign promises and on top of that to lie shamelessly to the people, as for example when it tells them that the economy is healthier than ever. This, despite the fact that we Bolivians are starving to death, according to the most recent UN report, which lists us as the most poorly nourished country not excluding Haiti. There is no production, there are no jobs, new taxes are being levied, and the banks are failing, but according to the government we are living in a Switzerland. The people are being cheated, and this kind of arrogance is unacceptable.

[HOY] How do you rate the performance of the opposition parties during these past 16 months? It would appear that until the withdrawal of the UCS [Solidarity Civic Union], the official steamroller had eliminated them from the map.

[Palenque] The fact is that the opposition—in contrast to the government—is neither a front nor a political party, with the result that each of the opposition political organizations operates independently of the others and has its own individual characteristics.

I do not agree with the statement by Conscience of the Fatherland that we had been "wiped off the map" until the withdrawal of the UCS from the government coalition. On the contrary, the patriotic movement that I head has presented a solid and responsible alternative opposition that has done battle during these 16 months in the National Congress, in the municipal governments that we currently administer, and in all venues where the country has called for our assistance. As a result, Condepa is today the second largest political organization in Bolivia and is projected to be the real alternative not only to the MNR [Nationalist Revolutionary Movement] administration but to the entire neoliberal system. The productive model of Endogenous Development and National Empowerment has already become one of the demands not only of the supporters of Condepa but of all Bolivians who believe in their country.

[HOY] The organization that you head is very similar to the UCS. In any case, they are the only two populist parties. Has it ever occurred to you to join forces? Don't you think that would be a overwhelmingly victorious option for 1997?

[Palenque] Although it has important features in common with the UCS with respect to the composition of its social base, the patriotic movement that I represent is differentiated from the UCS with respect to program and ideology. We believe that although it does not bother us, the label of populist that they have pinned on us is not correct and in any case does not define the national and popular essence of our movement, which proposes to lead a Bolivia that represents unity in diversity toward the 21st century by incorporating our nation into the modern world. In this connection, we believe that Condepa is an overwhelmingly victorious option for the 1997 elections.

Brazil

Cardoso Announces 'Shift' in Economic Policy

PY1001002595 Sao Paulo AGENCIA ESTADO in Portuguese 1431 GMT 7 Jan 95

[Report by Marta Salomon]

[FBIS Translated Text] Brasilia, 7 Jan (AE)—President Fernando Henrique Cardoso today announced a shift in economic policy by making adjustments to the course of the stabilization program. Instead of keeping interest rates high, discouraging credit, and holding the money belonging to banks—measures that are pushing inflation downward—the government wants a "consistent" fiscal adjustment and measures that would guarantee a resumption of economic growth. The government's team, which met again today at the Granja do Torto site, has already endorsed this guideline.

Government spokesman Sergio Amaral said: "The monetary policy of keeping interest rates high, of restricting credit, and of increasing mandatory deposits by banks has deterred investment." Amaral said that over 50 billion reals [R] are being held by the Central Bank as mandatory deposits. He added: "We need to change the focus of our stabilization policy. We are going to lower interest rates and loosen credit. We can no longer place so much emphasis on the monetary policy to start growing again."

Cardoso obtained a consensus from his cabinet on his commitment to reconcile economic stabilization with resumed development. Though without setting an economic growth goal for the first year of his administration, Cardoso wants to reach the "historical rates" reached in Brazil; that is, an annual growth of between 5 and 7 percent of the Gross Domestic Product (GDP).

In addition to a consistent fiscal adjustment—something that the economic team failed to achieve during the early stages of the Real Plan—the Government Council (a name given to a meeting of the 22 cabinet ministers) approved the commitment to reduce the cost of producing goods and services. There was also a consensus at the council that labor benefits bearing an impact on salaries are discouraging the creation of jobs. The burden of taxes on production will be addressed. Amaral said: "Several measures will be adopted to make our export products both cheaper and more competitive." He added: "We need to reduce high labor benefits affecting salaries and financial costs; and to frontally attack an irrational tax system that discourages production."

The high cost of port services was one factor blamed for the high production costs in Brazil. A comparison was made between Brazil and Argentina. Amaral said: "Some time ago, costs in Brazilian ports were half of those of Argentine ports. Today, however, the costs in Brazil have increased to the point that Argentine costs are close to being only half those of Brazilian ports."

Analysts View Cardoso's Relations With Congress

PY0901160495 Rio de Janeiro O GLOBO in Portuguese 5 Jan 95 p 3

[Article by Monica Gugliano, Lydia Medeiros, and Marcelo de Moraes]

[FBIS Translated Text] Brasilia—Congress yesterday sent a clear signal to President Fernando Henrique Cardoso. Even though he has the support of a majority bloc in Congress, he will always have to negotiate with senators and deputies over the approval of bills in which he is interested. While allied blocs have been without leaders for three consecutive days, the effects of the uneasy, rebellious atmosphere have extended from the work on PFL [Liberal Front Party] Deputy for Bahia Luiz Eduardo Magalhaes' candidacy to the presidency of the Chamber of Deputies, to the voting on the designation of Persio Arida as Central Bank president.

Says PSDB [Brazilian Social Democracy Party] leader in the Chamber of Deputies Artur da Tavola: "There is certain concern that needs a coordination channel, because otherwise—in the absence of a leader—restrained power ambitions make everyone strive for his own objectives. Designating bloc leaders is more difficult than designating ministers."

Concerned about the political vacuum in Congress, PSDB lawmakers yesterday wanted to talk with party president Pimenta da Veiga to ask him to convince Fernando Henrique Cardoso to accelerate the election of leaders. The lack of leadership was clearly seen yesterday at the Senate session that did not approve Persio Arida's designation as Central Bank president.

PSDB Deputy for Ceara Jackson Pereira said that "a leader could have avoided this session, because everyone knew that some senators were willing to condition the approval of Persio Arida's designation on the Chamber of Deputies' approval of the amnesty for Senator Humberto Lucena."

Even the PFL—the government's main ally—believes that the government's behavior with Congress is inappropriate. For example, PFL lawmakers have criticized the statements by the new ministers on budget cuts that may directly affect the amendments proposed by Congress. In the opinion of a PFL deputy, the government began with an imperial tone, and confrontation with Congress is not the right policy for implementation of the reforms that the government intends to make.

Deputies and senators are not yet interested in the idea of a meeting with the president, the ministers, and the allied blocs. Up until yesterday, the meeting was being considered as an attempt to neutralize the discomfort caused by the successive mistakes that the government has made in the relations with politicians, beginning with the meeting of the Political Council, which ignored the parties that support the government.

In Three Days, Cardoso's Ten Mistakes

1. In the cabinet, he did not create the position of political coordinator. No one in the government speaks on behalf of the president.

2. He centralized political debate in a forum, the Political Council, which lawmakers do not recognize as such.

3. From this Council, he excluded parties that are essential for guaranteeing a majority in Congress, like the PTB [Brazilian Labor Party], PP [Popular Party], and PL [Liberal Party].

4. He invited PFL leader Luiz Eduardo Magalhaes for the first meeting of the Political Council. The leaders of all the other allied parties were not invited.

5. He did not yet designate the government leaders in the Chamber of Deputies and in the Senate. Lawmakers do not know with whom they should discuss government problems in the Chamber.

6. He delayed the election of second-level officials.

7. He decided not to give audiences to lawmakers in order to avoid overloading his agenda, and in order to avoid engaging in minor political affairs. He did not open channels for listening to lawmakers' complaints, either.

8. He set a meeting with all lawmakers for 26 January, a meeting that can become an unprecedented battle of words between the president and unsatisfied lawmakers.

9. He sent an adviser with no political experience whatsoever—cabinet chief Francisco Graziano—to talk with Deputy Raul Belem, a PP leader. It was a clumsy attempt to correct the mistake of ignoring the party with regard to the meeting.

10. He degraded one of the ministries that was given to the PMDB [Brazilian Democratic Movement Party], putting Regional Secretary Cicero Lucena at the level of under secretary of Planning Minister Jose Serra. The PMDB has the largest bloc in Congress.

Government's 'Main Challenge' To Balance Public Accounts

PY1001023495 Sao Paulo AGENCIA ESTADO in Portuguese 1456 GMT 7 Jan 95

[Report by Marta Salomon]

[FBIS Translated Text] Brasilia, 7 Jan (AE)—Starting today, the main challenge that the government team has to meet is to balance public accounts. Fernando Henrique Cardoso admitted that the fiscal adjustment has so far not been "consistent," and that the government cannot continue to control cash accounts, preventing the national Treasury from releasing funds. As another indication of the strengthening of the position of Planning Minister Jose Serra, it was decided that expenditures will be controlled through the budget. "It means passing from cash control (done at the Finance Ministry) to the predominance of the budget," spokesman Sergio Amaral said.

"We are used to making a flexible budget and exercising cash control, but this is not efficient," Amaral explained. The president reiterated to his ministries the old rule that government expenditures cannot surpass government revenues, noting that the implementation of this rule should change. "The president wants a real budget." The formula agreed upon on the government's second day of work was to implement a system for assessment of expenses, and to eliminate the "pulverization" of funds in the budget, a practice that has been encouraged by lawmakers' amendments. The order to complete ongoing projects before beginning new ones was reiterated.

According to Amaral, the ministers made no objections. "The ministers agree that it is more important to provide for the flow of funds than to have a big budget that cannot be complied with," he said. "This discussion cannot produce a split between the ministers of the economic area and those who need more funds." The president wants both ministers and governors to extend their support. "It is high time for states to also help to balance public accounts," Amaral said, explaining that the federal government should not be left alone in the effort to make a fiscal adjustment.

Constitutional Amendment Proposals To Be Ready by 15 Feb

PY0901153395 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 9 Jan 95

[FBIS Translated Text] On 15 February President Fernando Henrique Cardoso will send to Congress the first proposals to amend the Constitution. During this first stage, the government will restrict the reforms to only four subjects: the tax, social security, economic, and financial system reforms. The end of the oil monopoly will not be included in this first stage of the constitutional reforms in order to avoid political confrontations.

Foreign Minister Preparing Administrative Reform

PY0901175695 Sao Paulo GAZETA MERCANTIL in Portuguese 4 Jan 95 p 5

[By Maria Helena Tachinardi]

[FBIS Translated Text] Foreign Minister Luiz Felipe Lampreia announced on 4 January that he will implement an administrative reform within Itamaraty in order to make Brazilian foreign policy more effective. Since 1 January, Lampreia has already possessed the required instruments to improve the work of the embassies, consulates, and foreign trade sectors in the countries that will begin receiving special attention from the Brazilian Government, such as Southeast Asia and the Pacific region.

Provisional Measure [MP] 813, dated 1 January, established the Foreign Policy Council, which will act as a large body to be presided over by the foreign minister. The council will be comprised of secretaries general for political, economic, and administrative affairs. The council will work with a diplomatic planning secretariat, which was also established by the MP. This diplomatic planning secretariat will be headed by diplomat Jose Vicente Pimentel. This new organization will have to put into practice the recommendations made by the Commission for Improvement and Organization of Managerial Practices [Comissao de Aperfeicoamento e Organizacao das Praticas Administrativas—CAOPA], which is "the broadest study process ever conducted collectively by the Itamaraty," Lampreia said. The CAOPA functioned while Fernando Henrique Cardoso headed the Foreign Ministry.

Ambassador Carlos Garcia, who has coordinated the CAOPA and currently is Minister Lampreia's chief of staff, has explained to GAZETA MERCANTIL that the council will have to report on what it wants from each post abroad before allocating resources to it. In the case of the 104 Social Communication Secretariats, for example, the diplomatic planning secretariat will have to classify them as a result of the changes that have been occurring in international trade and, if appropriate, dismantle some of them. Garcia said: "Our resources are limited and will remain so. We must ensure that the discourses of the president of the Republic and the foreign minister are effective."

In the ceremony in which Lampreia assigned the position of Itamaraty secretary general to Ambassador Sebastiao do Rego Barros, the new foreign minister was enthusiastically applauded by his colleagues when he reported that from now on promotions will "strictly follow the merit criterion, which is based on personal qualities and the professional performance of the diplomats, as required by the Promotions Committee." This means that political pressure will no longer be taken into consideration in the promotion of diplomats. Rego Barros said that he will work in accordance with four slogans: skills, effectiveness, participation, and improvement.

Lampreia wants "excellency" in recruiting and training new diplomats and officials for the foreign service, as well as in the training of human resources, taking into consideration the need to interact with the federal government, organized society in general, and the press.

The minister also wants diplomatic information to be handled and disseminated inside and outside the Itamaraty "among interlocutors of interest to and with interest in foreign policy." Lampreia asked Rego Barros to help him make the Itamaraty divisions and departments more valued and to decentralize the decision-making process.

Armed Forces To Have Single Command in Amazon Region

PY0901175495 Rio de Janeiro O GLOBO in Portuguese 6 Jan 95 p 5

[FBIS Translated Text] Brasilia—The unification of the Navy, Army, and Air Force actions, under the command of the Defense Ministry, will start in the Amazon Region. Aeronautics Minister Mauro Jose Gandra said on 5 January that the Defense Ministry's first act will be the establishment of a joint command in the Amazon Region. Officers of the three Armed Forces branches will rotate in the administration of this command. There is no established date for the implementation of this experiment. After the installation of Brigadier Adyr da Silva—former president of the Brazilian Telecommunications, Inc.—in command of the 6th Regional Air Command, Gandra asserted that the navy, the army, and the aeronautics ministries will become secretariats linked to the Defense Ministry.

The minister said: From the administrative point of view, the levels will change, and the three branches will be transformed into secretariats under the Defense Ministry. The operational issue related to these joint commands must be emphasized in the studies to be made about the establishment of this ministry.

According to Gandra, the establishment of the Defense Ministry will increase the contingents and sector expenditures. The military will have to create a department to deal only with the personnel issue in the new ministry. The Armed Forces Joint Staff (Emfa) will become a board for the coordination of the military actions linked to the Defense Ministry and the Presidency of the Republic. Gandra said that the establishment of the new ministry will call for changes in the physical structure of the three Armed Forces branches, and this could cost the federal government a great deal.

Gandra said: The operational costs of the Defense Ministry must be analyzed before it is decided whether it is worth establishing this new ministry. The basic reason for the establishment of the Defense Ministry is to make things in Brazil similar to things in other countries. Most countries in the world have a Defense Ministry.

In Gandra's opinion, many officers will have difficulties in accepting the unification of the Brazilian military forces. He believes that this is the main reason for resistance to the idea. He confirmed that the Defense Ministry must be headed by a civilian. With the new ministry, the military hopes to receive greater budgetary allocations.

MICT Head Appoints Trade Policy Secretary

PY0901185595 Sao Paulo FOLHA DE SAO PAULO in Portuguese 5 Jan 95 Section 1 p 4

[By Lucas Figueiredo in Brasilia]

[FBIS Translated Text] Luiz Milton Costa will be the new trade policy secretary of the MICT [Industry, Commerce, and Tourism Ministry]. One of the first challenges of this secretariat will be to review the policy for the sugar and alcohol area.

The government wants to interfere as little as possible in this market. The idea is to stop establishing rigid norms for the field, which, with the beginning of the administrative reform started by Fernando Henrique Cardoso, has become a responsiblity of the MICT.

The secretariat will review the measures implemented at the end of Itamar Franco's administration by former Regional Integration Minister Aluizio Alves for the sugar-alcohol production area.

Alves granted quotas for alcohol production to sugar producers. The market expected the quotas regime to end in 1995. The Constitution established that the government would stop regulating the area before June 1995.

The Trade Policy Secretariat is one of the most important secretariats in the MICT because it deals with an area deemed sensitive: The one referring to the coffee policy.

The idea of choosing Luiz Milton Costa has been Industry, Commerce and Tourism Minister Dorothea Werneck's. Currently, Costa is responsible for the area of economic structure in the Economic Policy Secretariat of the Finance Ministry. He is an expert in the area of prices.

Communications Minister Explains Criticism of PFL Leader

PY0901194995 Sao Paulo FOLHA DE SAO PAULO in Portuguese 4 Jan 95 Section 1 p 7

[FBIS Translated Text] Brasilia—Criticism by Sergio Motta of his predecessors in the Communications Ministry, including Senator Antonio Carlos Magalhaes (PFL-BA) [Liberal Front Party-Bahia], has caused the first political crisis, during the first 48 hours of the Cardoso administration. President Cardoso was forced to intervene.

Cardoso ordered Sergio Motta to phone Magalhaes in order to overcome the uncomfortable situation he had created. Motta phoned Magalhaes, the main PFL leader, at 1120 yesterday. He found him in Bahia. He told him he would release an "official message" clarifying what had happened.

Motta's call stopped the reaction of Magalhaes who, following his own style, was preparing to react. "I will analyze his message. If I think it is all right, I will shut up. If I am not satisfied I will speak."

'Unnecessary Friction'

At Planalto Palace, Cardoso told his aides that Motta had opened an unnecessary area of friction.

During his conversation with Magalhaes, Sergio Motta said that it was nothing more than "an intrigue by FOLHA DE SAO PAULO." He was thus referring to the first-page headline of the 3 January edition, which read: "Cardoso's Minister Criticizes Magalhaes."

The newspaper published an article containing statements by Sergio Motta, who spoke during his installation ceremony at the Communications Ministry on 2 January.

In his speech, the new minister criticized his predecessors at the ministry during the eighties. He said that the communications sector had suffered "a tragedy" during that period.

Only Two

The country had two communications ministers during the eighties. Haroldo Correa de Mattos (from 1979 to 1985, during the Joao Baptista Figueiredo administration) and Magalhaes (from 1985 to 1990, during the Jose Sarney administration).

Motta also said in his speech that the "greatest" tragedy had been the "extreme politicization of the communications sector." He added: "The communications sector at times became a political instrument, when it should have promoted national development." His words were interpreted as indirect criticism of Magalhaes, who as a minister distributed radio and television concessions in exchange for votes in Congress.

No Message

By mid-afternoon, Motta had not sent the message he had promised to Magalhaes, preferring to make a statement to FOLHA DE SAO PAULO. He said that he had simply made a diagnosis of the communications sector in Brazil.

"At no moment did I really refer to or speak of people, or quote, or blame someone for what happened," Motta said.

"I analyzed the process that had taken place in the country," he said. "I was surprised that FOLHA DE SAO PAULO should have published that I directly criticized Antonio Carlos Magalhaes."

"I never spoke either of him or of anyone else," the minister added. "I analyzed the process, and our relations with the PFL will always continue with a status of absolute loyalty," he said.

The episode added fuel to the fire. Some of Cardoso's campaign advisers were present during Motta's installation ceremony. When they heard the indirect criticism of Magalhaes, they forecast the crisis.

He Spoke Too Much

The rumor that Motta had criticized Magalhaes arrived at Planalto Palace late in the afternoon on 2 January, and it was received with irritation by President Cardoso. In effect, the official explanation found to minimize the incident was that Motta had spoken off the cuff, and for that reason had spoken too much.

Politicians compared the crisis with a similar episode that had taken place during the election campaign. Ruth Cardoso, wife of President Cardoso, said during an interview that the PFL was not only Magalhaes. The PFL also had Gustavo Krause and Reinhold Stephanes, she said.

When he learned of Ruth's statement, Magalhaes spoke over the phone with Cardoso, who promised him that he would release a message clarifying everything. On the following day, Cardoso publicly praised Magalhaes and rejected the criticism by his wife.

Vote on Amnesty for Senator Lucena Set for 17-19 Jan

PY0901153695 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 9 Jan 95

[FBIS Translated Text] The party leaders of the Chamber of Deputies will summon a concentrated effort congressional session for 17-19 January to vote on controversial subjects like the amnesty for Senator Humberto Lucena and the payment of life pensions for all former presidents.

Deputy Beth Azize, PDT [Democratic Labor Party] leader in the Chamber of Deputies, guarantees that her party will not allow the amnesty for Humberto Lucena to be approved during this congressional term.

She is also angry with the charge made by Senator Ney Suassuna, from the PMDB [Brazilian Democratic Movement Party]-Paraiba, to the effect that she also illegally used the Senate printing shop. She said that if the amensty for Humberto Lucena is included in the congressional voting agenda, the PT [Workers Party] and the PDT will ask for verification of quorum [which is a form of obstructing the voting session].

Impact of Mexican Crisis Termed 'Greater Than Expected'

PY1001022695 Rio de Janeiro JORNAL DO BRASIL in Portuguese 6 Jan 95 p 6

[From the "JB Report" column by Teodomiro Braga]

[FBIS Translated Text] The Mexican crisis will have a greater than expected impact on the Brazilian economy. In light of the restrictions on international credit, the government will have to promote a deceleration of Brazilian economic growth.

As a result of the new situation provoked by the Mexican crisis, it will be very difficult for Brazil to obtain the $7 billion it will need in 1995 to close its external accounts without resorting to its reserves.

The solution rests with increasing the Brazilian trade balance, which would force the government to revise its monetary exchange policy and to reduce the level of domestic economic activities, as well as to increase exports and reduce imports.

The new economic team considers a change in the real exchange rate to be unavoidable. A devaluation of the real, however, would have to be gradually implemented to minimize its impact on the economy.

A tightening of the monetary policy will be the main instrument for decelerating economic growth. This means maintaining high interest rates and restrictions on domestic credit.

Chile

Mexican Crisis' Impact on Exports, NAFTA Viewed

PY0901224795 Madrid EFE in Spanish 1322 GMT 8 Jan 95

[FBIS Translated Text] Santiago, 8 Dec (EFE)—According to economist Andres Passicot, Chilean fruit exports are suffering from the consequences of the Mexican exchange rate crisis, and it is also possible that delays could emerge in the Chilean negotiations to join NAFTA.

Passicot, president of the Geminis consulting company, which is one of the best in the country, said that "at some time" it would also be necessary to review the growth figures for 1995, which are estimated at 6.5 percent but could drop to 5.8 or 6 percent.

Passicot said that Chile's problem is different from the Mexican problem because Mexico has reserves of only $6 billion, equivalent to one month of imports.

He said that Chile, on the contrary, has reserves "for a long time," but its apparent solid situation could be threatened if Argentina, where foreign reserves represent seven months of imports, is affected by the crisis.

Regarding the Chilean fruit exports, Mexico represents 10 percent of the Chilean foreign market. But if a crisis develops in Argentina the situation gets complicated, as Argentina is Chile's main Latin American trade partner.

According to Passicot, another effect of the Mexican crisis is a loss of credibility by Latin America for investors from the United States, Europe, and Japan.

"There is a trend toward looking at the neighborhood, and not at every house," said Passicot, who also believes there will be problems in joining NAFTA.

Passicot says that the Mexican crisis is a magnificent opportunity for the enemies of NAFTA in the United States to assert that Latin America is not ready to become partner with the Anglo-Saxon countries of the continent.

Exports Achieve 'Historic Level' in 1994

PY0901125295 Madrid EFE in Spanish 1745 GMT 5 Jan 95

[FBIS Translated Text] Santiago, 5 Jan (EFE)—A report released today by the Economic Relations Directorate of the Foreign Ministry indicates that Chilean exports reached a historic level between January and November 1994, amounting to $10,376,400,000.

This figure surpasses the export figures for 1992, when the total reached $10,125,500,000, the highest figure up to the present time, and the export figures for 1993, when the total reached $9,416,200,000.

According to the report, Asia was the continent that made the most purchases during the first 11 months of 1994, amounting to $3.392 billion, which means an increase of 26.8 percent when compared with the same period in 1993.

Japan was the country that made the most purchases, having imported products valued at $1,743,700,000, followed by South Korea with $538.8 million and Taiwan with $471.4 million.

Regarding Europe, the second most important market, Chilean exports amounted to $2,547,500,000; Germany was the most important client with $517.5 million.

Chile's exports to Latin America amounted to $2,159,400,000.

In this region, Argentina consolidated its position as principal purchaser with imports amounting to $566.6 million, thus displacing Brazil, now in second place, which imported goods amounting to $531.7 million.

North America imported to the tune of $1,742,200,000, the United States being in first place with imports amounting to $1,683,600,000, thus becoming the second country after Japan to receive most Chilean imports.

Colombia

U.S. Embassy Note Admits Chemicals Dumped on Populated Area

PA1001034195 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 10 Jan 95

[From the "AM/PM Newscast"]

[FBIS Translated Text] Even though we have been told that anyone who speaks about fumigations without the approval of the security services will be considered a drug trafficker, we will continue talking about the subject.

The second document in our hands, which indisputably proves the active and direct participation of U.S. pilots and personnel in operations in our country—though no one has dared to even mention this—is as follows:

It is an official letter from the U.S. Embassy in Bogota, and was sent by something called NAS—NAS is something like Administration of Support Against Narcotics [Administracion de Apoyo Contra los Narcoticos]. The letter was sent by Mr. Victor Abeyta, who is director of the NAS program office, and it is addressed to Lieutenant Colonel Jose Leonardo Gallego Castrellon, director of the counternarcotics division of the National Police.

In this letter, Mr. Abeyta tells the colonel: State Department pilot Gregg Smith experienced an emergency just after taking off from Neiva. The plane was fully loaded with glyphosate and was flying over a populated area. The pilot returned and made an uneventful landing at Neiva Airport. Fortunately, the plane was not damaged. When these kinds of emergencies take place, the pilot must decide whether to drop the chemicals over a populated area or land in a slightly overloaded condition. In this case, Mr. Smith chose the most prudent course of action, and NAS fully backs his decision.

This means that when Mr. Smith encountered the emergency, he dumped the chemicals over a populated area. Analysts who read the letter with us find that if it had been a normal landing, Mr. Abeyta would not have notified the counternarcotics police. Nevertheless, the notification contains a phrase, which those who have studied the letter also consider derogatory: It says that NAS totally supports his decision. This means that yes, the pilot dumped poison over a populated area. So what? As this document clearly establishes, these are U.S. pilot soldiers, not simple advisers, as the Colombian National Police said this morning.

Nevertheless, one believes it would be good for those working in Colombia to be Colombians for reasons of simple dignity alone.

Foreign Minister Remains Optimistic About Future of G-3

PA0701182295 Hamburg DPA in Spanish 1800 GMT 6 Jan 95

[FBIS Translated Text] Bogota, 6 Jan (DPA)—Colombia showed optimism today that Mexico's economic problems following the drastic devaluation of its currency will not obscure the "spectacular future" of the Group of Three (G-3) free trade agreement, which also includes Venezuela, that went into effect, at least in theory, on 1 January.

Colombian Foreign Trade Minister Daniel Mazuera expressed this optimism, saying that studies of similar devaluations in other countries indicate that internal inflation will correct itself from the "distortions" triggered by the loss of value of local currency versus the U.S. dollar.

Mazuera added that the devaluation in Mexico, which began on 21 December 1994 and has reached 40 percent, could trigger "very serious" problems in trade between the G-3 partners but recalled that the agreement, which was signed in mid-1994, has protection clauses to face such irregular situations.

"The initial effect of the devaluation is that it makes exports from Colombia and Venezuela to Mexico more expensive and cheapens Mexican exports, generating a distortion in the flow of our commercial relations," the official stated.

Economic analysts, however, have said that the effects of the devaluation in Mexico have still not been felt in Colombia because, among other reasons, the governments established a "waiting period" to study the case, and the agreement has still not been ratified by the Colombian Constitutional Court. This Colombian institution has to study the international agreements signed by the executive.

The minister reiterated, however, that President Ernesto Samper's government had "temporarily" implemented the agreement on 1 January and that any importer or exporter can work under its provisions.

According to Mazuera, the future of this commercial agreement is "spectacular" because it includes protection measures that will allow the three partners, as in the current case, to protect local industries when confronted with exchange distortions.

Several observers have expressed their fears about the alleged "fragility" of the G-3 agreement in exchange problems because, in addition to the Mexican case, the Venezuelan Government had to decree a severe foreign exchange control, and Colombia almost had to reevaluate its currency last month because the government and the autonomous Banco de la Republica (Central) had differing opinions.

Faced with such situations, the Colombian Government, businessmen, and bankers agree that one of the first steps to be taken in the G-3 process is the harmonization of foreign exchange policies to ensure that drastic currency fluctuations in one of the countries does not negatively affect the others.

The commercial agreement between Colombia, Mexico, and Venezuela, which began last Sunday, represents a market potential of 136 million people and was initiated with a phase that will gradually reduce duties over a 10-year period. Sensitive sectors such as agriculture, agroindustries, and automotive will be handled in a special manner.

In addition, for Colombia and Venezuela, the G-3 represents an "entrance" for their products to NAFTA, formed by Canada, the United States, and Mexico.

Six FARC Members Die in 8 Jan Clash With Police

PA0901204195 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1800 GMT 9 Jan 95

[Report by Jaime Gonzalez; from the "NTC" newscast—speakers identified by caption]

[FBIS Translated Text] Six guerrillas died during a confrontation between two National Police helicopters and a FARC [Revolutionary Armed Forces of Colombia] column in El Guaviare yesterday.

[Begin helicopter pilot Captain Oscar Pimienta recording] The technician was returning fire and was shot first. [end recording]

The helicopter was escorting two small turbo (Troesch) planes that were spraying coca plantations in the municipalities of Calamar and Retorno, in Guavire. Corporal Vergara, who was the artillery man, responded to the attack that lasted nearly 10 minutes. The captain then decided to leave the area, but the helicopter bearing registration no. PNC-135 only managed to fly for another eight minutes before it fell to the ground.

[Begin Pimienta recording] The fighting lasted a relatively long time, about 10 to 15 minutes, before we started to inflict casualties. [end recording]

The captain was injured in the forehead and back, the corporal fractured his right leg and arm, and assistant Juan Carlos Perez was paralyzed from the waist down because of a blow to his spine. Co-pilot Lieutenant Diego Hernandez fared better.

[Begin Hernandez recording] The helicopter suffered great damage, and we lost control of it 5 miles or three minutes from there. [end recording]

The 60 hectares selected for spraying on 8 January were destroyed. The National Police will request aid from the Air Force to increase security around the escort aircraft, because the sprayings will continue.

Prosecutor Decries Drug Trafficker's Sentence Reduction

PA0601235595 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 6 Jan 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Thanks to events in Colombia, no one should be surprised at our paltry reputation. Prosecutor General Alfonso Valdivieso today assessed that our country should be ashamed of the sentence reduction granted to self-confessed drug trafficker Julio Fabio Urdinola.

[Begin Valdivieso recording] I believe it is truly shameful that people undoubtedly involved in criminal activities end up awarded by decisions such as this one. [end recording]

This is how the prosecutor general deemed the decision rendered by a faceless judge to shorten the prison sentence of Urdinola, a Norte del Valle drug trafficker who surrendered a few months ago. According to Valdivieso, Urdinola's prison sentence was shortened by 90 percent: Of the 210 months he should have spent in prison, he was sentenced to only 48 months, and this is not taking into account other reductions for good behavior.

[Begin recording] [Valdivieso] We cannot allow this legal instrument to continue to be a miserable spectacle for the country.

[Unidentified reporter] Who do you think is flouting justice, the judges or the drug traffickers?

[Valdivieso] I believe both. [end recording]

Valdivieso believes we must stop this situation and urgently seek other alternatives, such as issuing emergency decrees to reform the penal code.

Increase in Marijuana Cultivation Reported

95WD0156X Santa Fe de Bogota EL TIEMPO in Spanish 11 Dec 94 p 25A

[FBIS Translated Text] The country is now facing the possibility of another boom for marijuana.

According to the authorities, during the past few years there has been an unusual increase in the cultivation of this hallucinogenic plant. It has been prompted mainly by the small harvests of the product occurring in California, in the United States, and by the price that liquid marijuana is beginning to command on the market.

Fifteen years ago, when the country was confronting the first drug traffic boom, it was estimated that approximately 9,000 hectares had been planted with the drug in the national territory.

The joint action of Colombian and U.S. authorities made it possible to counteract the scourge within a few years. This also made way for the emergence of another far more powerful type of organization, engaged in the industrial production and transportation of cocaine on a large scale.

At the end of 1989, based on official calculations, it was estimated that approximately 2,200 hectares in the country were planted with marijuana; and, two years ago, the reports indicated the existence of that crop on 6,000 hectares.

The latest official report notes that there are currently about 8,000 hectares covered with marijuana crops in Colombia.

Confiscations

The most recent confiscations show that the country has again become one of the leading suppliers. Moreover, in an incident described as unusual, just three weeks ago 16 tons of marijuana were seized in Germany. This is considered the largest shipment of its kind confiscated in the history of the antidrug battle being waged by that country.

Last year, the nation's authorities managed to seize 548 tons of the weed; and, this year, a total of 178 tons intended for export were discovered.

The officials think that the largest concentrations of marijuana crops are located in the Sierra Nevada de Santa Maria, the Serrania del Perija, and the Serrania de San Lucas.

The security agencies do not preclude the possibility that the drug traffickers now have extensive marijuana plantations in upper Guajira, the epicenter of the first boom 15 years ago.

Another Challenge

Government spokesmen queried by EL TIEMPO claimed that, in the near future, the battle against marijuana trafficking will become a new challenge in counternarcotics activities.

They explained that situations such as those that occurred at the beginning of the decade, with the advent of poppies, and now, with the massive growth of coca crops, have prompted the state to direct its efforts toward those fronts, and to abandon the little effort aimed against marijuana production.

In any event, those sources remarked that there is a tool that has proven effective in the task of counteracting the drug traffic: namely, fumigation of the illicit crops by air. They added that work is already being done on a special plan to carry out a campaign for the eradication of marijuana crops in the country. It also includes a census that would make it possible to determine the number of hectares really planted with the drug in the national territory.

Narcotics Seizures for 1994 Reported

95WD0156Z Santa Fe de Bogota EL TIEMPO in Spanish 11 Dec 94 p 25A

[Article by assistant judicial editor Samuel Salazar Nieto]

[FBIS Translated Text] *According to the counternarcotics police, last year 25 tons of cocaine and 178 of marijuana were seized, and 1,819 "narcos" were captured.*

During 1994, the drug cartels suffered the most severe blows to their financial structure and, whereas in the previous year, funds totaling over 2.24 billion pesos were confiscated from them, in 1994 the seizures of money and the freezing of their accounts represent more than 155.7 billion pesos.

In operations conducted in the national territory alone, the security agencies confiscated funds totaling 76,603,566,585 pesos, compared with 1,280,597,785 in the preceding year.

The activities coordinated with international intelligence agencies and police forces of other countries made it possible to seize a total of $95.313 million (nearly 79.11 billion pesos) between 1 January and 2 December 1994. The year before, the dollar figure for funds seized from the Mafia was $1,159,470 (over 962 million pesos).

The National Police director, General Rosso Jose Serrano Cadena, explained that these funds were placed at the disposal of the Prosecutor's Office. He noted that much of this money remains in the financial establishments in which it was deposited by the drug traffickers, but has been attached by the judicial authorities.

A report from the National Police Counternarcotics Division made available to EL TIEMPO also reveals that from 1 January 1994 to 2 December of that year 25.5 tons of cocaine found ready for shipment abroad were recovered.

Other Results

Nevertheless, these figures still represent a minimum of the scandalous amounts which change hands in connection with narcotics production and trafficking.

As for the money confiscated, it is only half of the total considered to have been in circulation during 1993 in the economies of 212 municipalities in which over 300,000 families are engaged in the illicit cultivation of coca, poppies, and marijuana.

In the case of the cocaine seized, it is only 15 percent of the amount produced in a year by the Miraflores region of Guaviare Department, according to studies in the possession of the government itself.

The document specifies that, between 1 January and 2 December 1994, 481 tons of coca leaves and 178 tons of marijuana were seized and destroyed, as were 124 kg of opium paste (latex), 95 of heroin, 81 of morphine, 70 of hashish, and 774 of basuco.

The operations made it possible to capture 1,949 drug dealers, 130 of whom were of foreign origin.

In all, 508 laboratories for processing illicit drugs were destroyed, and 392 were seized in operations conducted by the police.

Meanwhile, 59 clandestine runways were put out of commission, and a total of 268 raids were carried out in residences and public establishments.

During 1994, 3,997 hectares of coca, 4,535 of poppies, and 14 of marijuana were destroyed.

The Colombian authorities' action against narcotics production and trafficking also resulted in the confiscation of 490 firearms, 332 vehicles, 41 vessels, and 24 aircraft.

In addition, 14,524 units of ammunition of various calibers, six fragmentation grenades, and 24 kg of dynamite were recovered.

With respect to the seizure of components used to process basic cocaine, morphine, and heroin paste, the Colombian authorities managed to prevent 1,724,900 gallons of liquid ingredients and 513,419 kg of solid precursors from reaching the hands of the processors in the country's jungle regions. Serious problems of an environmental nature are being generated by the illegal activity that is under way there.

Report for the Past Two Years

Activity	1993	1994
A. Captures		
Nationals	2,413	1,819
Foreigners	141	130
B. Drugs Seized	Kg	Kg
Cocaine	21,757	25,453
Coca base	9,733	38,788
Basuco	710	774
Coca leaves	277,882	481,094
Marijuana	548,780	178,060
	Grams	Grams
Hashish	779,520	70,600
Heroin	44,305	95,098
Morphine	10,565	81,595
Opium paste	261,270	124,336
C. Assets		
Raids on Residences	680	268
Money		
Pesos	1,280,597,785	76,603,566,585
Dollars	1,159,470	95,313,001
Weapons	867	490
Vehicles	465	332
Vessels	39	41
Aircraft	27	24
D. Laboratories Destroyed	401	508
E. Runways Destroyed	101	59

Discussion of Rural Co-ops

95CA0081A Santa Fe de Bogota SEMANA in Spanish 20 Dec 94 pp 32-35

[FBIS Translated Text] President Ernesto Samper was very annoyed and did not hide the fact. The sharp public feud between his defense minister, Fernando Botero, and interior minister Horacio Serpa, over the former's proposal to set up rural security cooperatives had put the chief executive in a most awkward situation; not only did it confirm that, contrary to Samper's own assertions, there were, in fact, two different policies in his administration but it also evidenced the chief of state's difficulties in reconciling them.

Towards the middle of the week before last, some of his advisers had urged him to seek a quick solution, convinced as they were that the episode was causing enormous damage to the administration. "It was very difficult for the president to intercede, because he had given Botero clearance to bring up the issue of the cooperatives with ranchers, and although Botero had gone too far in portraying what was merely an idea under consideration as a decision, it was not easy for the president to disavow him so bluntly," a high-level source in the president's office explained to SEMANA. It was then, according to the same source, that the idea of asking the vice president to serve as an intermediary arose. "De la Calle seemed to have some well-balanced ideas about the matter, and his ideological position was midway between those of Botero and Serpa. Moreover, though, if his mediation failed, the president would remain as the final authority," the source added. "In passing," one of the officials in the Office of the President noted, "it was a good opportunity to find something for the vice president to do and to portray him as a part of the government team, something that Samper had been concerned about for some time."

On Thursday the 15th Samper asked De la Calle what he thought of the cooperatives. Some hours later, the vice president sent him a memorandum in which Samper thought he had found some keys to a possible compromise. On Friday, at the closing session of the governors' summit meeting in Bucaramanga, De la Calle spoke with Serpa and proposed a meeting with Botero on Monday morning in the vice president's office. Serpa explained to him that he was going to dine with Botero that evening in Bucaramanga to seek some common ground but that both he and the defense minister knew that it would not be easy. De la Calle suggested also inviting the high commissioner for peace, Carlos Holmes Trujillo, to the meeting on Monday, because although he had refrained from making public statements about the matter, showing the caution that he has so often been praised for, everyone in the administration knew that he was emphatically opposed to the initiative. Serpa agreed, as some hours before he had spoken with Trujillo and had heard from him some prescriptions for a solution that he found interesting.

The Stands

As the interior minister had anticipated, the dinner with Botero in Bucaramanga, though cordial, brought little progress. So, early on Monday, when everyone was gathered in the vice president's office, their stands were quite far apart.

The first to explain his ideas was the high commissioner. He clarified that he thought he had done quite a bit to further administration unity through his public silence, adding, however, that he was emphatically opposed to the cooperatives as Botero had proposed them. As far as the commissioner was concerned, although it had to be acknowledged that there were serious security problems in the countryside that demanded a response, the response must be institutional, not private, even if it were to be within the framework of cooperation between government forces and the community. To Trujillo, it was plainly and simply foolish to arm civilians and put them in uniform so that they could face off against the guerrillas, because no one would be in control. Finally, the commissioner stressed that any decision must preserve the favorable climate that he felt had been achieved for potential negotiations with the guerrillas.

Botero, for his part, stuck firmly to the idea of the cooperatives and reiterated his argument that they were already being formed in several regions and that it was better for the State to take control of them. Moreover, added Botero, this arrangement would topple the wall that has always existed between civilians and the military in wide-ranging rural regions that have been hit by violence. "We can truly integrate the Armed Forces into the community, something that we have always dreamed about," he remarked.

Serpa's stand was more conciliatory. Although the interior minister emphasized that he thought the proposed cooperatives were a bad idea because they would wind up opening the door to private justice and rural hit men, he made it clear that "the unity of the administration is at stake, and therefore I am willing to seek alternatives." Serpa's remarks gave De la Calle an opportunity to outline the first draft of a solution. It involved setting three conditions on the establishment of the cooperatives: placing State and community controls on the mission of the cooperatives; making them experimental initially and limiting them to certain regions; and assessing their impact a few months down the line so as to decide on a next step. Botero and the high commissioner raised some concerns, but the makings of a compromise were in place. The four officials agreed to meet again at around three in the afternoon, an hour before the Security Council meeting that Samper had called to make a final decision.

Before breaking up, they decided to cross Eighth Avenue and visit the Casa de Narino for a brief chat with the president. Samper voiced some fresh concerns about the idea and urged his subordinates to spell out several points. "The president," one of his colleagues told SEMANA, "was very concerned about the way that the mass media were stigmatizing the idea of the cooperatives as veritable private armies with modern light weapons and clear-cut offensive capability, and he wanted this image erased from the new plan."

Although everything seemed to be moving towards a solution, the entire meeting was marked by some of the sharpest verbal jabs in this entire episode. The chief executive again scolded Serpa and Botero for the situation in which they had placed him: "You two are screwing up my administration." At one point he told the defense minister: "Fernando, you think you're scoring a lot of points with the public because of your proposal, but in the long run, you, like the cooperatives, are going to be stigmatized and then you'll have to leave." Finally, he said that at times he felt tempted to bury the idea of the cooperatives for good and to relegate the distressing episode to oblivion.

Samper's harsh tone had the primary effect of leaving everyone at the meeting reluctant to continue debating the matter. This enabled De la Calle to explain in detail the compromise that had been agreed upon. First off, he assured the president that the idea did not have to be buried and that, on the contrary, it was possible to come up with something that both addressed the ranchers' understandable security concerns and dispelled fears. Having been instructed by the president to spell out certain points in the compromise more clearly, the officials took their leave and kept in contact with each other for the rest of the morning. The compromise was ready by three in the afternoon and underwent merely some minor changes before the Security Council approved it, quite promptly to be sure.

The Compromise

But what did the compromise entail? At first glance it did not seem much different from Botero's original proposal, merely changing the name "security cooperatives" to "vigilance associations." But a more thorough comparison of the defense minister's proposal and the document that the administration released last week leaves no doubt as to the major changes that the idea has undergone (see box below). The Defense Ministry's original suggestion was for cooperatives made up of uniformed civilians who would carry weapons reserved for Armed Forces use, be trained by the military, and receive a monthly stipend from the public treasury. The proposal that emerged from the reconciliation is very different: the associations will be groups of civilians without uniforms, armed only in exceptional cases, whose collaboration with the military will be based on communication networks to alert the latter so that it can react promptly whenever the guerrillas or any other armed group takes action in the area.

It is difficult to predict what will be the true scope of the associations and of the package of proposals put forth last week at the joint press conference held by De la Calle, Serpa, Botero, and Trujillo. For the time being, the only thing available is a document describing a "Rural Security Plan" the results of which can be gauged only in the long run. An example of the confusion that still surrounds the issue is the fact that whereas the ranchers, to whom Botero initially outlined his proposal, said they were satisfied with the compromise, the farmers, grouped in the SAC [Association of Colombian Farmers], expressed, through their president Cesar de Hart, some degree of disappointment "because the associations will not be able to take direct action against the violent people who are laying waste to the countryside in Colombia."

This comment confirms that the administration may have given the impression that it has reversed course as a result of the debate on the cooperatives. This is an insignificant price to pay, however, when we consider that it has succeeded in emerging more or less successfully from a situation that was threatening the very stability of the cabinet. Although the feud between Serpa and Botero has left wounds, at least the matter has been closed through a solution in which everyone involved managed to save face and in which, by the way, the administration has begun to dispel the idea that the vice president is just a third wheel.

[Box, p 34]

What Changes Were Made

Botero Proposal	Compromise
The cooperatives were going to consist of armed, uniformed civilians paid by the State.The associations will consist of plainclothes civilians who can carry arms only in exceptional cases. The cooperatives were going to help set up intelligence networks so that the Army can conduct operations against the guerrillas. They were going to cooperate with the military to repel the guerrillas.	The associations will focus their efforts on a communications network to alert the military about the presence or activity not only of the guerrillas but of any criminal group.
The employees of the cooperatives were going to carry weapons reserved for Armed Forces use.	The members of the associations may carry weapons only in exceptional cases with the consent of the military. The arms will be exclusively defensive.
The linchpin of the proposal was the cooperatives.	The linchpin of the proposal is not the associations but rather a rural security plan involving the Administrative Department of Security, the police, and the rural Unase groups, as well as several operational commands with military personnel, who must respond promptly to the associations' call.
The defense minister spoke of acknowledging the rights of rural residents to arm themselves in their defense.	The administration now says that its medium-term goal remains to disarm private citizens to the extent possible.

Ecuador

President Says 'Foreign Forces' Provoke Violence, Protests

PA0901192695 Mexico City NOTIMEX in Spanish 1643 GMT 9 Jan 95

[FBIS Translated Excerpt] Quito, 9 Jan (NOTIMEX)—President Sixto Duran-Ballen today called for an end to violence in the country at a time when the government is having confrontations with parliament over various issues and when more demonstrations against his regime are expected.

When interviewed in the morning newscast of the Gamavision Network, the president denied any government responsibility in violent incidents. He did not elaborate but said that they were provoked by "foreign forces."

Meanwhile, Government Minister Abraham Romero blamed "infiltrated" elements for the death of a student on 6 January during protests against transportation fare increases and a law allowing the teaching of religion at education centers. [passage omitted]

Students, Police Clash in Quito Demonstrations

PA0901193395 Hamburg DPA in Spanish 1821 GMT 9 Jan 95

[FBIS Translated Text] Quito, 9 Jan (DPA)—A new wave of street demonstrations, characterized by heavy clashes between students and the police, exploded in Quito today. This comes in the wake of the death early on 7 January of a demonstrator who was wounded the day before in a confusing incident during protests against the Ecuadoran Government.

Students—who shouted slogans against the liberal government of President Sixto Duran-Ballen—blocked avenues and streets around the colonial center of Quito and stoned police patrols today.

The incidents, which started a week ago to protest a 33 percent increase in transportation fares, left at least 12 injured, one of whom died hours later on 6 January.

The Maoist Democratic People's Movement announced today that new Government Minister Abraham Romero, who assumed that post two weeks ago, will face a political trial in congress for the "murder," of the demonstrator. The students blamed the police for it.

The police, however, citing television clips, denounced the infiltration of "agitators" among the students and blamed them for "the violence and vandalism," including the death of young student Juan Carlos Luna, age 17.

The demonstrations are worsening the political tension that has been affecting Ecuador since late December, when a controversy emerged between the government and congress because of the distribution of budget allotments for 1995, a topic that remains unresolved.

Added to this will be the announced call for a plebiscite to reform the Constitution, as Thursday is the deadline approved in an earlier plebiscite held in August for congress to approve a bill submitted by the government.

The second plebiscite will be announced on Friday, according to Carlos Larreategui, secretary general of the government, who said it could be held in June, despite congress' opposition.

Ministries Deny Troop Clashes at Peruvian Border

PA0701132695 Quito Voz de los Andes in Spanish 1200 GMT 6 Jan 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The Ecuadoran Foreign Relations and Defense Ministries have denied that Ecuadoran and Peruvian soldiers clashed at the border, as Deputy (German Mancheno) reported to the media. Foreign Minister Galo Leoro explained that he contacted the Defense Ministry as soon as he read the press reports and said that military chiefs informed him that there had been no such incidents.

Defense Ministry spokesmen said Mancheno's statements were irresponsible and emphasized that covering up border incidents is not Ecuador's policy, because lying is the worst thing one could do.

Armed Forces Reiterate Respect for Constitutional Order

PA0801002695 Mexico City NOTIMEX in Spanish 0230 GMT 7 Jan 95

[FBIS Translated Text] Quito, 6 Jan (NOTIMEX)—The Ecuadoran Armed Forces reiterated today their respect for constitutional order. This event is being held amid the persistent confrontation between the executive and legislature over the handling of the 1996 budget.

In a communique broadcast by a local television station tonight, the Defense Ministry emphasized the role of the Armed Forces in the defense of the country's laws and democratic system.

The confrontation between the two government branches exploded last Monday, when President Sixto Duran-Ballen decided to validate the budget unilaterally.

Although the executive and the legislature have expressed their willingness to talk, the solution to the conflict is still not at hand.

At the core of the disagreement is the two branches' different ideas about how approximately $300 million should be distributed.

The confrontation apparently grew this Friday after Duran-Ballen vetoed the reforms to the Constitution approved by Congress last week because that body did not agree with a guideline on procedures for approving the budget.

The relationship between the executive and the Congress, in which the opposition holds a majority, has been characterized in the past months by frequent clashes over constitutional reforms and by the political trials of several ministers in Duran-Ballen's cabinet.

Petroproduccion's Goals for 1995 Detailed

Private Investment Solicited

95SM0095A Quito EL COMERCIO ... Spanish 6 Dec 94 p B3

[Unattributed article: "Marginal Fields: After More Reserves"]

[FBIS Translated Text] *These marginal fields—currently exploited by Petroproduccion—will require an investment of $151 million. Private capital is available.*

The state enterprise Petroproduccion will orient its investments toward profitable projects and leave to private enterprise the development of marginal oil fields, where it hopes to recover approximately 150 million barrels of petroleum reserves.

It will be the first time this process has been carried out in Ecuador and the third time in Latin America, after Argentina and Venezuela.

The Special Committee on Bidding (CEL) of Petroecuador [Ecuadoran State Petroleum Enterprise] has already selected the 10 oil fields—fields currently being exploited by the state enterprise—that will undergo additional exploration and exploitation.

These geologic structures cover a total area of 150,000 hectares in the Amazon region. Each field contains between 8,000 and 60,000 hectares.

Their current production borders on 10,500 barrels per day, and the goal is to triple that figure, at least. This will be accomplished by means of investments totaling an estimated $151 million.

On the other hand, the more productive fields that Petroproduccion is reserving for its own direct operation will require an investment of approximately $500 million over the next five years.

The conditions that Ecuador is offering investors are so attractive that in the first call for bids it got 140 companies—80 foreign and 60 national—to participate in the bidding.

The contract in question is called a contract of operation and participation. The first model contract provides for the exploitation of a specific field that is currently in full production.

Under the terms of this contract, the contractor will not only continue to operate the field in order to increase the current levels of production but must also carry out additional exploration with the aim of increasing the reserves.

The second model petroleum contract gives the contractor the right to a share in the production, provided that the production has been increased either as a result of the continued operation of the assigned area or because of the discovery of new reserves.

The investments that the contracting company makes will be on the company's own account and at its own risk. The state will, however, recognize—during the life of the contract—the costs of production at a value equal to Petroproduccion's current operating cost of $2.80 per barrel.

This figure will be indexed from time to time so that it will have a constant value.

The contracts will cover only the period of exploitation, which can be for as long as 20 years.

If, however—at the end of the period stipulated for implementation of an investment plan covering exploitation during the first three years of the contract—the contractor has failed to increase production to a point above the levels of the base curve (the current levels of production), the contract will be regarded as terminated.

According to the schedule, the international bidding will open on 23 January 1995; the bids will be presented on the following 24 April; and the contracts will be signed in June and July of the same year.

Before the bidding, however—on 15 December of this year—Energy Minister Gustavo Galindo Velasco will classify as marginal those fields whose average daily production was less than 1 percent of the total average daily national production for the year.

Ecuador produces an average of 390,000 barrels of crude oil per year.

Box, p B3

The Conditions

1. Infrastructure: The field must be distant from Petroecuador's principal organizational and operational infrastructure.

2. Quality: The field must contain heavy crude oils of an average API gravity of less than 20.

3. Technology: The exploitation of a field already in production requires recovery techniques that are excessively costly for Petroecuador, such as horizontal drilling; the improved secondary recovery of oil deposits; and conventional techniques whose cost is excessive.

Exploration for New Fields

95SM0093B Quito EL COMERCIO in Spanish 7 Dec 94 p B3

[Unattributed article: "Exploration Plan Reactivated"]

[FBIS Translated Text] *The state enterprise Petroproduccion will drill six exploratory wells and a total of 36 developmental and advance wells. Sixty wells will be reconditioned. A total of $100 million will be invested.*

Petroproduccion will ensure the production potential of its areas of direct operation over the next four years by means of an aggressive program of exploration and well-reconditioning that will be launched in 1995.

It had previously resumed seismic exploration with a view to detecting new productive geologic structures in the Amazon basin.

The enterprise Chinese Petroleum—which has just won the bidding for the contract—will begin in February 1995 to conduct 1,000 km of seismic exploration at a cost of $7 million.

Petroproduccion—a subsidiary of Petroecuador—has in this way resumed the exploratory projects after they had been halted for more than two years.

Petroproduccion Manager Italo Cedeno has announced that the program is designed for implementation between 1995 and 1998.

The program calls for the annual drilling of 36 developmental and advance wells, six exploratory wells, and the reconditioning of 60 wells.

"We are going to generate a production potential that will keep Petroproduccion from having an annual 10 percent decline in production," the manager said.

He stated that the new production would remain in the fields until there is the capacity to transport it. Then, he said, "the valves will be opened and the crude oil will flow."

Cedeno believes his projection "is much more realistic than the one that served as the basis for enlargement of the trans-Ecuadoran oil pipeline."

The overall program will require an annual investment of $100 million.

It has been decided that exploratory wells will be drilled at sites detected by the seismic exploration only when the results of the interpretation are ready within two years.

The new prospects will probably be located in "mature areas that are close to the infrastructure and the major fields, where the risk of not finding oil is very slim and it is very hard to fail." Preliminary technical reports include on the list of these prospects the fields at Shushufindi, Auca, Cononaco, Cuyabeno, Sansahuari, Libertador, and Coca-Payamino. These are the oil fields where the major discoveries of excellent-quality (28 to 30 API [American Petroleum Institute] gravity) crude oil were made.

Pending the results of the seismic exploration, Petroproduccion will drill the advance wells and developmental wells and also implement the well-reconditioning plan, for which purpose contracts are expected to be let for 10 reconditioning towers.

"We are concentrating our resources on the most profitable fields," Cedeno said.

"The projects are intended to achieve rapid recovery, and the time for payment is less than one year," the manager added.

At the same time, Petroproduccion has launched the program of secondary recovery (water injection) in the Shushufindi and Sacha fields, and is preparing the Auca field for the process.

Improved recovery projects will be carried out in other fields.

In the environmental area, Petroproduccion plans to reinject the geologic formation water that issues from the wells, in order to avoid contaminating the rivers.

Peru

Security Forces Said To Be on Shining Path Leader's 'Trail'

PY0901224295 Madrid EFE in Spanish 0238 GMT 7 Jan 95

[FBIS Translated Text] Lima, 6 Jan (EFE)—General Nicolas de Bari Hermoza, the highest-ranking Peruvian military chief, said today that the security forces are on "the right path" in their objective of capturing Oscar Ramirez Durand, aka "Feliciano," who is currently the top leader of the Shining Path terrorist organization.

Hermoza, who is the chairman of the Armed Forces Joint Command and Army commander, told journalists that the intelligence services are on the trail of "Feliciano," and that his capture should occur within the term given by Peruvian President Alberto Fujimori to end terrorism, before 28 July 1995.

Gen. Hermoza also said that no truce will be given to the "pockets" of terrorists who still persist in their violent actions.

"Feliciano" heads the faction called Red Path, which rejects the peace proposal made in 1993 to President Fujimori by Shining Path founder Abimael Guzman, who is in prison.

Hermoza referred to the terrorist columns that operate in the Upper Huallaga jungle region, saying they don't have many members and are only made up of 40 to 80 men.

He added: "We will completely dismember them very soon."

Gen. Hermoza made these comments today in Arequipa, which is the second largest Peruvian city, located 1,000 km south of Lima, where he headed the ceremony to install General Alberto Rios as the new chief of the third military region.

JNE Issues Communique Criticizing Campaign Law

PY0901160695 Lima Global de Television Network in Spanish 0130 GMT 7 Jan 95

[From the "Vote 95" feature]

[FBIS Translated Text] The National Election Board [JNE] has warned that the law regulating the conduct of the incumbent president seeking reelection does not guarantee that the voting in the upcoming elections scheduled for 9 April will reflect the true and free expression of citizens.

Through a communique the JNE expresses its concern about the promulgation of a law that regulates the activities of the incumbent president and other government officials seeking reelection. In a four-point communique, the JNE warns that this law does not guarantee that the voting in the upcoming elections will reflect the true and free expression of citizens. In addition, the newly approved law does not allow the enforcement of proper and effective controls or punishments for any eventual infractions.

A few hours after the promulgation and publication in the official newspaper EL PERUANO of the law regulating the conduct of the incumbent president and of other government officials seeking reelection, the JNE issued a communique on this law.

The JNE communique asserts that such laws do not guarantee that the voting will reflect the authentic and free expression of citizens, or that the voting will reflect the true will of electors as established in Article 176 of the Constitution.

The four-point communique reads:

1. Because the full JNE proposal which was based on technical critera is not encompassed in the abovementioned law, the current law does not allow the proper and effective enforcement of controls or punishments for any eventual infractions that may occur in the elections.

2. The proposal to prohibit the incumbent president from engaging in activities pertaining to the dedication or inspection of public works has been eliminated from the JNE-sponsored bill. The newly promulgated law merely establishes that the incumbent president cannot engage in open political campaign activities while participating in such ceremonies.

3. Moreover, the law does not include the JNE request to be empowered to eliminate from the voting registry any candidate and his presidential ticket whenever infractions to the electoral law are commmitted prior to the exercise of a public rebuttal. Instead, this request was replaced by a fine of no less than 30 and no more than 100 Tax Levy Units [UIT].

Furthermore, this fine is discriminatory because those political organizations that have resources may systematically violate the electoral law by paying the established fine.

In addition, instead of enforcing the fine against the offender, as the JNE had suggested, it is enforced against the offender's political party, which may or may not be responsible for the offense.

4. Regarding the financial activities of political groups which must be declared before the JNE, the JNE had proposed to be empowered to cancel the offender from the political organizations registry. The newly promulgated law does not include any punishments for the nonfulfillment of this measure.

The communique is signed by JNE President Ricardo Nugent and all four JNE members.

'Leftist' Cusco Mayor Heads Perez de Cuellar Congressional List

PY0901230195 Madrid EFE in Spanish 0039 GMT 9 Jan 95

[FBIS Translated Excerpt] Lima, 8 Jan (EFE)—Daniel Estrada, the leftist mayor of Cusco, heads the list of congressional candidates for the Union for Peru Movement (UPP) of presidential candidate Javier Perez de Cuellar, which was registered at the National Election Board today.

Perez de Cuellar's spokesmen played down the first critical reactions over the position given to Estrada, saying that the UPP list "gathers together representatives from all Peruvian democratic forces."

In addition to Estrada, the list includes five more leftist leaders, several liberals, retired Army officers, businessmen, and leaders from various social organizations, ethnic groups of the jungle region, evangelical groups, and others.

The important leaders include Democratic Movement of the Left (MDI) Congressmen Henry Pease, Julio Castro, and Julio Diaz; former Senator Gustavo Mohme; and former Deputy Carlos Tapia of the United Left.

Former Army chief Luis Cisneros Vizquera, former Navy chief Alfonso Panizo, and retired General Jose Pastor, leader of the 13 November Movement, who sponsored a coup attempt on that date in 1992, are also included on the UPP list.

The list of 120 candidates was registered today at the National Election Board during a public ceremony headed by UPP legal representative Carlos Chipoco, who is a human rights activist of long standing. [passage omitted]

Police, Military Voters 'Erased' From Electoral Registry

PY0901200695 Lima EXPRESO in Spanish 23 Dec 94 p A3

[FBIS Translated Excerpt] National Election Board [JNE] Technical Director Guillermo Quijada Romero yesterday disclosed that his office had erased 14,000 electoral identity cards issued to members of the Armed Forces and of the Police Forces [PNP] from the electoral registry, to prevent them from being used during the upcoming elections.

He did not say, however, how many had been made out to members of the Armed Forces and how many to the PNP, although he said that the largest percentage were in the hands of the police.

Quijada explained that these cards have been annulled for the 1995 general elections because the names of the bearers have been erased from the electoral registry, and they will not be able to cast any votes.

Asked whether there are more electoral identity cards to be annulled, the JNE official said that this information must be supplied by the respective Armed Forces and PNP commands.

He said: "We have worked on the lists we have received, but we do not know whether there are more electoral identity cards (in the hands of the military)."

The name and number for each of the cards in question, he explained, were supplied to the JNE by the Armed and PNP commands.

Without giving further details, Quijada explained that the largest number of cards are held by the police. "This is because most of those who join the police force had previously obtained their respective identity cards."

The rest, he said, are in the hands of military officers who serve in the emergency zones. [passage omitted)

American Popular Revolutionary Alliance's Confidence 'Crisis' Analyzed

95SM0103A Lima QUEHACER in Spanish Sep-Oct 94 pp 30-33

[Article by Eduardo Bueno Leon: "What is APRA at Present?"]

[FBIS Translated Text] "In the house under construction, in silence and in the dark, Garcia wanders to and fro in his ideas. 'Where are the peasant multitudes?' he wonders, 'the multitudes of the foreign debt and the nationalization of the banks?' Sitting on the floor, he can feel the cold wall on his back...."—Alan Garcia, *El Mundo de Maquiavello [The World of Machiavelli].*

It is a party of foolish mestizos [cholos pendejos], no doubt about it: an old party, a party with an obsession, a party ritualized to the point of ridiculousness but with a strong pulse that keeps it alive. It is a party with aspirations and a zeal for moralizing and for reform (which it does not know how to accomplish). It is a party of unwavering intransigence—an intransigence rivaling that of the Order of Malta. It is a party vital in its rhetoric—a rhetoric filled with banners and slogans, as if myths can atone for defeats. In short, it is a party that has not yet found its way and is trying to get out of the rut—out of the morass of stagnation—in which it was mired by a bad government and by the inevitable changes that have shaken Peruvian society in recent years.

The most distressing thing about the most recent APRA [American Popular Revolutionary Alliance] party congress—other than the bragging and the machinations—was the scant political discussion concerning the nation and Peruvian society, concerning the important changes on the international scene, and—more specifically—concerning the ideological and political crisis of social democracy in Europe and Latin America. The committees charged with organizing these discussions became engrossed in election-related topics and in reviewing documents that have all the style of the grandiloquent "plans" of the National Planning Institute that were published during the triumphalist phase of the previous government.

This lack of discussion was obviously not due to any shortage of theories to explain what is occurring in Peru. Neither is it due to any lack of moral authority to criticize Fujimorism, unless one believes that only the AP [Popular Action], the PPC [Popular Christian Party], the parties of the left, and Perez de Cuellar have that authority.

The political organization called the APRA Party of Peru is experiencing a serious crisis of confidence in the areas of political planning and social representation. Sociologists would call this situation a "crisis of legitimacy"—a crisis that has already lasted too long. For the Apristas, however, it is merely a unique and temporary phase in which self-criticism is mistaken for disloyalty and in which an acknowledgment of the changes that have taken place in society is mistaken for betrayal.

This crisis of confidence—or crisis of faith, in the Aprista jargon—has several dimensions but only one origin.

Outstanding Accounts

APRA [American Popular Revolutionary Alliance] is a party that has never squared accounts with its past. It is an organization that settled its disagreements and disputes through militant action. It never stopped to evaluate its major failures, and when it did [as published], others were blamed, not APRA.

The few opportunities when critical factions within the party did at one time have the voice and the capability to bring pressure to bear were eliminated in an expeditious manner.

These processes, however, were engraved traumatically in the memory of the party activists, together with the ghosts of the seamen in Callao who took part in the 1948 uprising; the shouts of Luis de la Puente Uceda and his partners—who practiced complete coexistence with the Prado regime—when they were expelled from the 1958 party convention; the attacks on Luis Felipe de las Casas and his faction when they opposed the coalition with the Odriista party [Union Nacional Odriista]; and the monumental fraud against Townsend at the beginning of the decade of the 1980's. The activists speak about all this in hushed voices, as in families where there are illegitimate siblings.

The party continued to function, but so many situations were not being defined, dealt with, or resolved that nothing remained but the loyalty to the party's leader, Haya de la Torre—a loyalty justified by his years of persecution, imprisonment, and exile. Haya de la Torre was an intellectual and a politician who had an anti-imperialist ideology and Spartan public ethics, which he inherited from the old anarchists. He was accused of everything, except that no one ever called him a thief.

As a result of its failure to deal with its recent past, the party has floundered in a sea of doubts and has failed to resolve—in other words, failed to rationalize—its emotional relationship with Alan Garcia.

Myth Yes, Plan No

APRA has no political program, because its entire strategy is reduced to total opposition to the Fujimori administration while patiently waiting for the reemergence of a charismatic leader.

Inertia has allowed the direction of the Peruvian process to be taken over by the leaders of the traditional right and the economic new right. Opposition figures of greater ability in the area of political organization have emerged even from within the Fujimori regime itself, as in the case of Susana Higuchi.

This strategy has brought APRA to a state of impotence (which strengthens the charismatic option), because the party has not even been able to capitalize on the mistakes and omissions of the Fujimori regime.

In Latin America today, revolutionary nationalism exists only as a myth and populism has been discredited. For this reason, the defense of the populist practices—a defense cloaked in revolutionary mythology—that is made in the book *El mundo de Maquiavello* is a pathetic failure.

Old and New Protagonists

The old Apristas—who were fighters and were loyal—constitute the only moral reserve that remains to Haya de la Torre's party. They are the living historical memory of the social and political struggles in contemporary Peru—of the time when APRA was a social movement, when it was organizing civilian society and its cadres were leaders of the accelerated urbanization of the 1950's and 1960's. They are, however, a species nearing extinction.

They were part of those emergent working classes who joined with the developmentalists and military reformists during the period when APRA was either in the opposition or ambiguously asking for dialogue. Now that the nationalist-developmentalist model for growth has run its course, they are losing the little that they had gained. The middle and working classes have become impoverished and have no capability to respond, because their political parties and organizations are no longer protagonists of collective action.

It has often been said that APRA—despite all its faults and limitations—was a very accurate reflection of Peruvian society during those times. It was the party of the mestizos [cholos]—led by upwardly mobile mestizos and some enlightened whites—and it functioned in an era when one's political identity took precedence over one's identity as a citizen, which was a very fragile concept still in the process of formation.

The new generations of mestizos, however, who are inundating the cities, are linked to the informal economy and are reaffirming their collective identity in the chicha [a popular alcoholic drink] culture. They do not take part in politics unless they obtain some immediate advantage from it.

The participants in this informal economy are the object of attention by the local and state administrations, the Catholic Church, the evangelicals, the political parties, and the NGO's [Nongovernmental organizations]. There are a number of social and institutional mechanisms that enable mobility and collective action to take place without reference to the traditional political parties. Political activism is unnecessary, and ideology is either irrelevant or is invalidated by recent events.

The everyday life that has been developed in disregard of the most elementary social norms (witness downtown Lima and the systematic occupation of the pedestrian areas, to the detriment of the residents and occupants of the adjoining buildings) has given rise among the "Limafied" mestizos to a vision of individual and collective life that is illustrated by the famous phrase attributed to Fujimori: "Plant cassava." The chicha culture is nourished by these attitudes, and the mestizo chicheros [chicha brewers or vendors] like to assert themselves by engaging in this primitive and vigorous activity, which is more characteristic of a savage capitalism than of the solidarity ethic.

The traditional attitudes based on the ethics of the Haya de la Torre generations—fraternity, self-criticism, respect for social standards—coexist in APRA with the chicha-culture attitudes of the more recent activists. At its party congress of last August, APRA experienced during its plenary meetings the tension that exists between these two types of attitude. Party machinery was created that was extremely vulnerable to manipulation, but denunciations and rejection of such manipulation were also voiced.

Reconversion Is Inevitable

The "APRA people"—protagonists and subjects alike in Peruvian history—are in a profound crisis of reconversion. The political identity that ensured the permanence of the relationship between the party and its rank and file is rapidly changing along lines that are unprecedented in the traditional discourse of APRA.

Certain sociological facts serve to confirm this situation. APRA's historical social base no longer votes automatically for the party's candidates. The theory of the captive Aprista vote is still operative—although on a decreasing scale—only in the northern part of the country.

Another reality is the absence of generational replacements. Within APRA, political participation by young people under 25 years of age is virtually nonexistent.

The Aprista families—the central nucleus in the processes of political socialization and identity construction—are either divided generationally or no longer are able to replicate the Aprista discourse on socialization and political legitimation. There is a marked difference between the way parents, on the one hand, and their children perceive national problems. Young people identify APRA with failure and regard the struggles of their parents as futile.

The increasing individualism of the younger generation, its ideology of economic "success," and its practical view of politics are incompatible with the traditional Haya de la Torre discourse that demanded everything in exchange for nothing.

This disarticulation between the party and its sociological base is part of the reason for the exhaustion of APRA's social representativeness, especially among the workers, peasants, and small farmers. It is a problem that has beset APRA for a long time and that has called into question the ideological structure of the party as an organization that represents the productive classes of society.

APRA was able to link together the provincial middle class and the urban working classes, who accepted the policy of development and nationalism—and the benefits—that this model represented. The great social gains, however, have been wiped out by the economic adjustments and have become impracticable within the framework of the new model of economic growth.

APRA has been left without any consensus protagonists and without any political program to offer. The organization is fragmented into factions where "everyone makes deals" and where political action consists of occupying a place on the slates of candidates for Congress.

Despite all its cynicism, the populist logic has in APRA a well fertilized field in which to grow, and the authoritarianism of the present government—with its constant obstruction of the intermediate institutions—is creating conditions in which populism can recover its lost ground.

APRA needs to redefine its model and its program in accordance with the prospects for rebuilding. For the time being it has opted for concentrating on elections and on developing a strong leadership. Will it be able to overcome Alan Garcia-ism and reestablish its political practice, so as to rehabilitate itself in the eyes of the public?

Downfall of PPC, IU Predicted

95P20356A Lima CARETAS in Spanish 29 Dec 94 pp 14-15

["Controversies" column by Fernando Rospigliosi: "Two Less"]

[FBIS Translated Text] Presidential candidate Lourdes Flores' withdrawal from the presidential race is an indication that the process of parties falling into disrepute is not over; on the contrary, it is intensifying. The 1995 elections could signal the virtual disappearance of two of them: the PPC [Popular Christian Party] and the United Left [IU]. These parties have enjoyed prominence on the political scene since the late 1970's.

The PPC followed the wish of its founder and leader, Luis Bedoya Reyes, who from the start was against the party running a candidate of its own. But when the possibility of reaching an agreement with Javier Perez de Cuellar did not materialize, the idea was hatched to temporarily launch Lourdes Flores, thinking that with a presidential formula on the road they would get more votes for their parliamentary list.

They now seem to have realized that they miscalculated—a losing presidential formula would on the contrary drag them down in the parliamentary election. Now, the PPC leaders are thinking that their support for Perez de Cuellar, be it implicit or explicit, could translate into a significant number of cross-votes. That is, voters who vote for one party for the presidential ticket and for another party for the parliamentary lists.

It is a plausible caculation in theory if we keep in mind that the citizens who vote for an independent opposition candidate could give their support to a specific parliamentary list featuring prominent politicians.

In 1990, for example, presidential candidate Alberto Fujimori got 1,900,000 votes (29 percent of the valid votes) while the list of senators from Change '90, the party he headed, only got 1,200,000 votes (about 21 percent). APRA, on the other hand, got a larger number of votes for its list of senators than for its presdiential candidate ("Political Peru in Numbers" by Fernando Tuesta, 1994).

Nevertheless, the PPC's situation is so critical that even if this hypothesis proved true, they are running the risk of getting the smallest number of votes, 3 or 4 percent, which would just about leave them out of the action.

In the November 1992 congressional elections the PPC got 600,000 votes, almost 10 percent of the valid ballots, in an election where no other party meriting the name of party participated. And in the municipal elections of 1993, the PPC only got 290,000 votes, or 5 percent.

All through its history the PPC has been a party that maintained a centrist position, moderate and conciliatory, always defending democracy and trying to stay away from extremes.

This position, however, did not help it in a political environment such as the Peruvian, which has a propensity for authoritarianism, radical confrontations, and destructive demagoguery.

In recent years the PPC has suffered a sustained hemmorhageing of leaders, some of whom joined the government, such as Mayor Kurt Woll, and others who considered the party line too tepid, such as Alberto Borea.

In the end, they all appear to have lost, because the PPC could go on gradually shrinking until it has almost disappeared, just as happened with Christian Democracy. And Borea has embarked on a dubious adventure by allying himself with Sixtilio Dalmau.

In United Left quarters the situation is even worse. The lamentable spectacle of factions exchanging insults and fighting mercilessly in order to get a spot on the parliamentary list will probably lead to everybody's destruction.

These absurd disputes are beyond rational comprehension, because if the IU—with luck—were able to get 3 or 4 seats in April (and there is the preferential vote), what is the point of fighting for more spots on the list of 120 candidates or for being placed slightly higher?

Today there also no longer exists the limited ideology with which they used to coax the militants some years ago. So it would take little to conceal the ugly fight over getting into parliament.

Alfonso Barrantes therefore has the motive he needed to justify his turning down a candidacy that never seemed to inspire him.

The 1995 elections could mean the virtual disappearance of two political entities that carried "strong ideologies," playing a prominent part on the political scene in the past decade. Their downfall will not contribute to the reestablishment of democracy in Peru.

PERUPAZ Urges Transparent Campaign, Election

95SM0104A Lima PERUPAZ in Spanish Nov 94 p 3

[Editorial: "Electoral Transparency"]

[FBIS Translated Text] The integrity of an electoral process in which the citizen's vote is protected by guarantees of security and respect for the will of the people depends on two substantive factors: 1) the honesty of those in charge of organizing the elections in all the stages, and 2) the confidence of the voters, based on their access to a true and certain knowledge of each of the stages in the electoral process. The sum of these two criteria is what is known today as electoral transparency.

The electoral contest that has been initiated in Peru is of great importance, because it offers the possibility of a genuine return to the exercise of democratic institutions. An attempt will be made to elect a new president of the Republic and a constitutional Congress, and in this connection it is the first process of this kind since the people elected their officials in 1990. There have been other elections, but we should not forget that they were for the purpose of enabling the country to emerge from the confusion caused by President Fujimori's coup d'etat on 5 April 1992. In reality, the constitutional situation did not improve much, in view of the regrettable behavior of the CCD [Democratic Constituent Congress] and the stubborn and authoritarian conduct of the head of government who staged the coup.

The prerequisite for regaining the exercise of our democratic institutions, however, is that the elections be clean, that they genuinely express the free will of the people, and that they be transparent. Other prerequisites—of a subjective character—do exist, of course. For example, the people must elect an honest and democratic person who does not lie about his program for governing and does not swear falsely to respect the Constitution, if indeed he cares at all about that document in his innermost thoughts. We will not discuss these subjective conditions at this time, however. We would rather assume that the voters will not allow themselves to be seduced by deceptive statements or last-minute promises of government largesse. We cannot imagine that a people will make the same mistake twice.

The main concern now is to ensure electoral transparency, so that all candidates are guaranteed fair competition on a level playing field and so that the people can be assured that there will be no manipulation, no secret agenda, no fraud, nor any other type of machination that could condition or otherwise affect the voting. The integrity of the process depends on what happens before, during, and after the elections.

For example, if election campaigns are allowed to take place without the guarantee of a level playing field, the entire question of transparency is reduced to what occurs on election day. It must be made absolutely clear that if the power of the state—and the resources at its command—are used arbitrarily in favor of one particular candidate, transparency will no longer exist and what happens on election day and in the subsequent vote count will no longer have any significance.

In a situation of this kind, the vote results will merely serve to make official the gross manipulation of the people's will by the government. An election can obviously be won in this manner! The pseudovictor in such an election will not have legitimacy, however, and the nation will not have the exercise of its democratic institutions.

If we want electoral transparency, the entire nation should recover its health immediately by preparing to defend the purity of the electoral process and by demanding that the people be allowed to reach their decisions without being subjected to official pressure, much less to partisan pro-government propaganda. The truth is that it is sometimes better to be suspicious than to be too confident. The voters have every right to demand electoral purity, because this is a different kind of process: it is a process in which whoever holds power cannot afford to be impartial, because he has a personal stake in it. As we know, President Fujimori is a candidate for reelection, and this fact could be decisive in determining the attitudes of the various sectors of the national government—including the Armed Forces—who are inclined to give him assistance that would help his candidacy even if such assistance were detrimental to the other candidates.

PERUPAZ endorses the demand for a law that will regulate the conditions under which a candidate for reelection will conduct his campaign. It demands that ballots illegally possessed by military personnel be collected and the voter registrations of such personnel be canceled. It further asks the National Election Board to explain to the nation what it will do to ensure that the electoral process is carried out with guarantees of equality for all the candidates.

Local Newspaper Evaluates Drug Trafficking Problems

PY0901171195 Madrid EFE in Spanish 1700 GMT 5 Jan 95

[FBIS Translated Text] Lima, 5 Jan — The drug industry remains imperturbable and the fight against this scourge was negative in 1994 because only 30 to 35 percent of the 1,000 tons a year produced in South America was seized.

According to a report on the fight against cocaine trafficking published in the 5 January issue of GESTION, a newspaper that publishes economic news, the good news is the existence of a mushroom, the "fusarium oxysporum," that to date has destroyed 16 percent of the coca leaf production in the Huallaga River Valley, located in the northern jungles of Peru.

This has caused a reduction in the estimated production of the derivatives of the coca leaf, such as chloral hydrate of cocaine and crack [preceding word in English], which is the basic cocaine paste without refining.

GESTION points out that despite everything, the negative tendency is that cocaine continues to flow to the U.S. and European markets, and that despite all the warnings made by organizations linked to the drug fight, the measures adopted up to now have not been sufficient.

The withdrawal in May 1994 of the U.S. radar equipment installed in Peru to detect small planes arriving with drugs from Colombia has not favored the drug fight, although Peruvian President Alberto Fujimori recently stressed that the radar equipment will be replaced.

The United States, during Ronald Reagan's tenure, announced a "head-on war against drugs," which was escalated during the presidency of George Bush.

The newspaper GESTION indicates that Bush planned to reduce by 10 percent the cocaine that arrives in the United States within 2 years and by 50 percent within 10 years, and he invested $50 billion over a four-year period in the repression of drug trafficking.

Despite the death of Pablo Escobar and the dismantling of the Medellin cartel, this cartel has been replaced by the Cali cartel, which supplies the Peruvian and Bolivian drug traffickers, and "everything seems to indicate that the problem is slipping out of the hands of the authorities," GESTION reports.

The estimated annual production potential of cocaine in South America amounts to between 700 and 1,000 tons, and only between 30 and 35 percent is seized.

This means, by the newspaper's estimate, that 450 tons of the drug are placed on the market, with an estimated street value of some $45 billion, equivalent to the GDP of Peru and Bolivia and 75 percent of Colombia's GDP.

The newspaper adds that the drug cartels have developed a series of self—defense mechanisms "to such an extent that no matter how many millions are invested in the fight against drugs, the business increases, because in the end everything is reduced to one simple thing: The money that is generated by the business."

The corruption caused by all this money is another problem that is very difficult to overcome in the war against drug trafficking, and as a demonstration of this there is the case that occurred in the northern jungle city of Tarapoto. In that city on 30 December, a judge released two Colombian drug traffickers who were captured five months ago when they were loading half a ton of cocaine onto a small plane. The two drug traffickers left jail after the drug was replaced by corn flour during the investigation of the case. It seems that someone, not yet identified, switched the drug with food.

When they were arrested, the Colombians confessed that they had arrived in Peru with $500,000 to purchase the drug. This statement was recorded by the local television station.

In Pucallpa, another city located in the Peruvian jungle, Dagoberto Nunez Barreto, a Colombian, was able to escape from the local jail with the help of his colleagues; in addition, he impregnated a female prisoner, as he was allowed to visit the women's section of the prison.

'Success' of Repentance Law Discussed

95SM0104B Lima PERUPAZ in Spanish Nov 94 pp 8-9

[Article by Juan F. Jimenez Mayor: "End of Repentance Law"]

[FBIS Translated Text] The so-called Repentance Law—Decree-Law 25499—expired on 11 November. Its results bore witness to an unprecedented success compared to previous legislative measures in this regard—a success which we believe reflected not only the virtues of the law itself but the implementation of a coherent antisubversive plan.

Decree-Law 25499 was Peru's most recent experiment with respect to repentance. From 1987 to 1992 there were as many as four decrees dealing with this subject, but none was as successful as the one that has just expired.

It was not a Peruvian national experiment, to be sure, inasmuch as in countries such as Germany, Spain, and Italy similar strategies had previously been employed for dismantling terrorist groups "from within," always in the form of temporary measures appropriately utilized in accordance with the requirements of national security.

In a technical sense, the legislation concerning repentance constitutes an exception to the prinnciple of legality, in that it is a negation of the causal relationship between crime and punishment and contravenes one's sense of justice. It is based on criteria that uphold a more important legal principle, namely, the protection of the peace and peaceful coexistence of society by preventing the commission of further criminal acts.

Countersubversion Policy and the Law

However, the success of the law—which has led to the capture of major terrorist leaders including the Shining Path leader himself, Abimael Guzman—is solely due to the importance that was placed on it as part of the overall countersubversion strategy together with the development of the systems of intelligence and the structured cohesion of a plan that sought to take the initiative in the war.

In fact, that is the only inference we can derive from the fact that Decree-Law 25499 has been a more effective legal instrument than previous legislation in this area. The Repentance Law came to play an important role—but not the only role—in dealing with the problem of violence. The work of social mobilization, intelligence, and propaganda and the development of instruments of psychological warfare—together with the gradual debilitation of the subversive forces, a circumstance that can be attributed to many causes but primarily to the fact that there was a deliberate effort to take the side of the people—enabled the law to serve as a safety valve in the face of imminent defeat.

This accordingly explains why previous punishment-oriented experiments concerning repentance merely provided a normative background in correlation with reality, inasmuch as the experiments were complete failures. Without an integral strategy, any repentance law is nothing more than a utopian pronouncement. Hence the importance of the success that has been demonstrated.

The Figures

Measuring the success of the Repentance Law is difficult in the present circumstances, and the figures are handled in a contradictory manner. For example, the Joint Command of the Armed Forces says that the number of repentant terrorists has reached 6,330, whereas the chairman of the Committee on Assessment of the Effectiveness of the Law gives 5,416 as the number; the official newspaper EL PERUANO puts the figure at 4,461; and lastly, President Fujimori cautiously declares that an analysis based on realistic criteria is necessary in order to establish an accurate figure for the total number of penitents.

This is an accurate statement, inasmuch as on the Huallaga Front, for example—a region where the largest percentage of penitents has been recorded (see below)—the problem of the Ashaninkas has come within the scope of the Repentance Law. It is therefore necessary to consider objectively the limits of the legislation, aside from the psychosocial effects of the propaganda introduced by the forces of law and order in an effort to dismantle the subversive hordes that stubbornly continue their activities.

On the other hand, there is concern over the degree of efficiency in the judicial proceedings for those who wish to avail themselves of the benefits of the law. The chairman of the Committee on Assessment of the Effectiveness of the Law has himself criticized the efficiency of the proceedings, inasmuch as most of the petitions for repentance are still being processed; the judges of the military courts as well as those of the civil courts are ignorant of the situation; and the proceedings are moving slowly.

Moreover, the law has been criticized for the commission of abuses as a result of false and unfounded accusations, and these criticisms may well multiply in the future, inasmuch as many individuals had recourse to the law during the final days that it was in effect—150 persons per day, according to the newspaper EXPRESO—at which point we can say that "everything is confusion."

As the Repentance Law expires, we can say that one phase of the antisubversion war has ended. The effectiveness of that war can be objectively assessed today in the nation's streets and villages on the basis of the slow but sure defeat of terrorism. What remains to be accomplished is the task of laying the foundations for pacification by constructing a modern democratic state where there is social justice—a state in which there are no longer any penitents but rather citizens who are filled with hope and have a future in Peru.

Penitents Under DL [Decree-Law] 25499, by Organization (SL [Shining Path] or MRTA [Tupac Amaru Revolutionary Movement]) and Zone

1. Piura: SL 285; MRTA 27 2. Amazonas: SL none; MRTA 23 3. Huallaga Front: SL 4,135; MRTA 501 4. Ucayali Front: SL 75; MRTA 139 5. Huancayo-Pasco: SL 174; MRTA 77 6. Lima: SL 423; MRTA 24 7. Ayacucho: SL 388; MRTA none 8. Cuzco: SL 17; MRTA 13 9. Ica: SL 3; MRTA none 10. Arequipa: SL 10; MRTA 3 11. Iquitos: SL none; MRTA 5

Source: Joint Command of the FFAA [Armed Forces]

Confiep President Assesses 1994, Sees 'Positive' Aspects

PY0901133895 Lima EL COMERCIO in Spanish 30 Dec 94 p E1

[FBIS Translated Text] Confiep [National Confederation of Private Businesses] President Arturo Woodman has said that even though the country's recovery is already noticeable, it is not yet possible to proclaim a victory.

Woodman stated that Peru's growth seems spectacular because it has just overcome a crisis.

Hence, he commented that while the per capita income in 1990 was similar to that in 1960—i.e., we were 30 years behind—if the country continues to grow at the present pace, we will be 20 rather than 30 years behind by the year 2000.

"There is no doubt that Peru has embarked upon the path of economic recovery, but there is still a long way to go," he said.

Woodman believed that "in general," 1994 was a positive year for companies.

Rather than talking about the sectors that registered the greatest growth, Woodman preferred to say that Peru was the one that grew. Nevertheless, he duly praised the mining and construction sectors, fishing, and industry in general.

According to Woodman, Peru's growth rate stood at approximately 12 percent—the highest in Latin America—but this is explained by the fact that our previous situation was really critical.

Woodman expressed the belief that next year's growth rate will be lower.

Despite acknowledging the Fujimori administration's success in curbing inflation and in the pacification of the country, he—like most businessmen—expressed his opposition to the administration's export policy.

The Confiep president stated that the export sector grew, but basically due to performance of the fishing and mining industries, adding that this came about because of economic circumstances.

Indeed, he further stated, the price of some metals (like copper, for example) or commodities (like coffee) in the international market and the catching of larger volumes of biomass in fishing have contributed to the encouraging statistics.

Nevertheless, Woodman contended that a very low exchange rate and the burden of heavy taxation are affecting the export sector and preventing Peruvian products from being competitive on the international market.

"Rather than having a policy that discourages any export drive, the Fujimori administration lacks an export policy. No efforts have been made to make imports [as published] expand to the levels they should have attained," he said.

He underscored the fact that the low exchange rate not only affects exports but, to cap it all, also fosters imports.

Woodman further stated that there would be nothing wrong with this if it had not affected Peru's domestic industry, as has been the case. He asserted that an obvious consequence is that there are no more openings.

The Confiep president also said that there is an aspect that must be reviewed in 1995—government spending.

He said that too much money is appropriated for the defense and interior ministries—4.348 million new soles, which represents one-third of total current expenditures.

"The globalization of the economy compels us to spend more on health, education, and the eradication of poverty. As long as current expenditures are not restructured, companies will continue to shoulder all pressure and be heavily burdened with taxation," he said.

Woodman noted that the progress made by the country should not come to a grinding halt in the forthcoming months during the election campaign.

He stated that the privatization process should continue and insisted on the importance of the business promotion program, which gives Peruvian entrepreneurs credit facilities to participate in the privatization of state-owned enterprises.

The Confiep president said that although the participation of foreign investors in the privatization process is something positive, it is important that Peruvians should also get involved, since "in this way nobody will complain later."

In conclusion, Woodman stated that one could not label 1994 as a year in which factories closed down, because the economy is growing. "We must continue growing because there is still a long way to go. Still, we are on the right track," he said.

Uruguay

Police Arrest Six for Counterfeiting Brazilian Currency

PY0901194895 Madrid EFE in Spanish 1750 GMT 5 Jan 95

[FBIS Translated Text] Montevideo, 5 Jan (EFE)—Sources close to the investigation reported today that the Uruguayan police discovered thousands of counterfeit Brazilian bank notes valued at $1 million.

The investigation led to the arrest of six persons, one of them a police officer posted in the interior of the country, and it has been established that they had a connection with people in charge of a print shop in the Uruguayan capital, where the counterfeiting took place, according to police sources.

The authorities believe that the money found thus far is only a small part of what has been counterfeited, and therefore they warned Brazilian diplomats in Montevideo of the eventuality that counterfeit bills are circulating in that country.

The police, who have not released the identity of those arrested, placed them at the disposal of the Montevideo courts.

According to what has been reported, the police were following the suspects since 30 December within an investigation that concluded with the arrest of those allegedly responsible for the counterfeiting.

Venezuela

Government Rejects Establishment of Cuban Refugee Camps

PA0901235895 Mexico City NOTIMEX in Spanish 2119 GMT 9 Jan 95

[FBIS Translated Excerpt] Caracas, 9 Jan (NOTIMEX)—Foreign Minister Miguel Angel Burelli Rivas said today that the Venezuelan Government will reject the creation of Cuban refugee camps but will maintain its policy of issuing entry visas to people with relatives in Venezuela.

Burelli Rivas said it would be "humiliating to the Cubans and to our country" to have refugee camps like those operating in the Panama Canal and on the Guantanamo military base, therefore he rejected that possibility.

He said there are approximately 7,000 Cuban immigrant families in Venezuela who are eligible to shelter up to two relatives from Cuba if they ask the local Foreign Ministry and the Venezuelan Consulate in Havana.

This recourse of solidarity with the Cubans was the answer Venezuela gave last year after having denied a request by the U.S. Government to create refugee camps on Venezuelan territory.

Burelli said that since the implementation of the measure to issue visas to Cubans with relatives in Venezuela, which has the approval of the Cuban Government, approximately 100 Cubans have been granted residency.

One of the main conditions set by Venezuela for issuing visas to Cubans is that they have relatives in Venezuela who will be responsible for their expenses while they seek jobs. Another requirement is a study of the immigrant's academic history—to be carried out by an Interior Ministry commission—to guarantee selective immigration.

According to Burelli, there are approximately 35,000 Cubans in Venezuela who arrived some years ago and who have sufficient economic means, which is why he believes the new immigrants will also achieve economic stability. [passage omitted]

Economic Support Minister Discusses Debts to Creditors

PA0801020495 Caracas EL GLOBO in Spanish 6 Jan 95 p 2

[Report by Judith Martorelli]

[FBIS Translated Text] Economic Support Minister Luis Raul Matos Azocar replied to an article published by the FINANCIAL TIMES which reported that Venezuelan businessmen, both in the public and private sectors, are in arrears in paying their debts to international creditors.

The following was Matos' reply from Miraflores Palace: "It is true we are facing difficulties in making timely payments, but any creditor or banker knows what really counts is the country's ability and willingness to pay. It is inconceivable not to recognize that Venezuela made great efforts in December to pay more than $700 million of its public debt, and $776 million of its private debt, for 1994."

The FINANCIAL TIMES' article "demonstrates a covert campaign is still weakening the position of our country, a nation trying to rescue its economic sovereignty."

According to Matos, there are international economic interests that feel hurt because Venezuela is trying to overcome the crisis with its own model. The struggle we are facing, he added, is highly ideological and is on an international level so as to favor specific international interests that are upset because a small country such as Venezuela is gradually overcoming its crisis.

Balancing Pros and Cons

Matos feels the pros and cons should be weighed when analyzing our country's economy. He said that on one side is the fiscal deficit, which is quite heavy, but on the other side are the mechanisms to correct the deficit. Those mechanisms are aimed at improving the foreign exchange system and defining the framework to regulate foreign investments and the movement of capital on the Stock Exchange Market so as to permit the repatriation of profits and dividends within a stable exchange rate.

Asked if the international financial community can be guaranteed Venezuelan debtors will not fall in arrears, he replied:

"There is already a significant flow of recognition and payment of the commercial and financial debt. To ensure this point, we would have to act like that president of the colonial days who mortgaged the country. Those who expect this action to happen will be disappointed, because we are not willing to yield one inch of our economic sovereignty. They will have to accept our schedule of payment and the willingness already expressed by the president of the Republic to honor our debts according to our capability and reserves, taking into consideration the critical situation our country has faced."

His answer when asked if the Mexican crisis justifies the Venezuelan position was:

"What makes our position strong is that Venezuela has complied with all its commitments to international forums. For example, I have been in the UK, New York, Washington, and Florida. We said in all those places we would honor our commitments with multilateral organizations, which would be given priority in 1994, something which we did. We also said we would authorize the payment of the debt with the Andean Development Corporation, something which we did. We said we would cancel a significant part of our public debt, and we also complied with that promise."

He added: I believe, from a banker's viewpoint, it is most important that a debtor who has difficulties, such as us, can show he is willing to pay with specific figures and a check in hand. We cannot promise more than that.

Facts, Not Promises

In defense of the policy of President Caldera, who refused to apply the neoliberal package, Matos said the crisis of certain countries that did implement the neoliberal formula affirms the measures taken in Venezuela "although we are convinced we have to make more adjustments and improvements."

He quoted figures and facts to demonstrate his theory: The expected hyperinflation did not come about in Venezuela, but we are not satisfied. We are trying jointly with the Finance Ministry, which coordinates the economic policy, to overcome the inertia that continues to be a component of inflation. A plan to balance the deficit or at least make it manageable will be announced and will restore the investors' confidence.

In support of his position, Matos, who is also coordinator of the Foreign Exchange Administration Board, said the country's international reserves have increased to $12 billion, larger than those countries that have resisted establishing exchange controls, such as Mexico.

Minister Expects Trade Agreements To Increase Exports

PA1001045195 Paris AFP in Spanish 1738 GMT 6 Jan 95

[FBIS Translated Text] Caracas, 6 Jan (AFP)—Venezuelan Foreign Trade Minister Alberto Poletto said Friday that he hopes Venezuela's nontraditional exports will reach $5 billion in 1995.

Poletto told reporters that if this goal is achieved, Venezuelan exports would increase 20 percent in 1995 over last year.

He is confident that the new free trade agreement of the Group of Three (G-3), made up of Colombia, Mexico, and Venezuela, and the World Trade Organization (WTO), which will replace GATT, an organization to which Venezuela also belongs, will have a multiplicative effect.

The G-3 agreement, the implementation of which was planned for 1 January, was postponed due to the Venezuelan Congress' delay in approving the agreement, which also delayed its signing by President Rafael Caldera. Poletto expects the agreement to be implemented in mid-January.

Regarding the current Mexican economic crisis, Poletto said the basic reason for that difficult situation is that currency was not directly generated by exports, which resulted in a deficit of approximately $28 billion.

On the other hand, official Venezuelan sources disclosed that they are working on a meeting of the foreign relations and foreign trade ministers of the Andean Group (Bolivia, Colombia, Ecuador, Peru, and Venezuela) to be held on 20 January in Merida, 500 km southeast of Caracas.

This meeting will serve to fine tune negotiations toward a free trade agreement between the Andean Pact and Mercosur (Argentina, Brazil, Uruguay, and Paraguay) and to put the finishing touches on the 3-4 February meeting of Andean presidents in Cumana, 350 km east of Caracas, to commemorate the 150th anniversary of Marshall Jose Antonio Jose de Sucre, hero of the struggle for independence of Venezuela and South America from Spanish colonial rule.

Superintendency Approves Banco Progreso's Liquidation

PA1001003695 Caracas Venezolana de Television Network in Spanish 1630 GMT 9 Jan 95

[From "The News" newscast]

[FBIS Translated Text] This morning, the Bank Superintendent's Office gave a green light to the liquidation of Banco Progreso. The bank's operations have been halted and the bank will open its doors only to report on accounts and the banks to which they will be transferred.

After meeting between the Fogade [Deposit Guarantee and Banking Protection Fund] and Banco Progreso presidents over the weekend, Superintendent Tesalio Cadenas said a detailed list will be published tomorrow to inform depositors about the transfer of their accounts. Also, the legal details of this new measure continue to be ironed out until they can be presented to the Financial Emergency Board. Cadenas said this measure was applied because the previous one failed.

[Begin Cadenas recording] The measures depend on the nature of the problem in the banks. They are not the same for every bank. A test was conducted in the case of Banco Progreso. We decided on the transfer of deposits based on the results of this test. [end recording]

It also has been reported that on Tuesday the bank employees will receive word concerning their legal status and that their future has been taken into consideration.

[Begin Cadenas recording] Now that the bank is closed, a new process must now take place. It is this process that we are defining. Nevertheless, we still have not made a final decision about any of these points. [end recording]

Monday is a bank holiday, but all depositors will be able to transfer their accounts with no problem beginning on Tuesday.

Banco Progreso Closed To Protect Depositors

PA1001003495 Caracas EL NACIONAL in Spanish 9 Jan 95 p D-3

[Report by Fabiola Sanchez]

[FBIS Translated Text] The Financial Emergency Board decided to halt Banco Progreso's operations to keep corporations related to the Latin American Group from making large withdrawals from their deposits in the bank. Through this measure, the board expects to "shield" the bank and protect its few remaining healthy assets, which will be used to return deposits.

According to an investigation conducted by the board, Banco Progreso's discretionary assets account has securities amounting to 44.447 billion bolivares, 40.899 billion of which correspond to disbursements made to related enterprises in the form of overdrafts without corresponding collateral.

The Deposit Guarantee and Banking Protection Fund [Fogade] will benefit from this decision, because part of the assets used to support the 39.900 billion bolivares assistance given to Banco Progreso cannot be withdrawn. In this way, Fogade expects to avoid irregularities similar to those that occurred with the financial assistance given to the eight other banks in which it has intervened.

The board members have devised a special plan to transfer only deposits of those individuals who had accounts in Banco Progreso, the Latin American Financial Fund, and the Latin American Financial Society to Latino, Venezuela, Consolidado, Industrial, and Republica banks. All of these accounts have been fully guaranteed by Fogade. Financial sources have explained that this decision does not violate the Financial Emergency Law, because 95 percent of Banco Porgreso's deposits do not exceed 4 million bolivares.

Diego Arnal, president of Banco Industrial de Venezuela, has reported that Fogade will deliver 40 billion bolivares to the Latino, Venezuela, Consolidado, and Industrial banks tomorrow to cover oustanding obligations acquired as the result of interbank loans requested by Banco Progreso.

Ministry Announces Completion of Treasury Bond Placement

PA1001043095 Caracas REPORTE DE LA ECONOMIA in Spanish 9 Jan 95 pp 2, 175

[FBIS Translated Text] The Finance Ministry announced the culmination of steps through the Banco Central de Venezuela [BCV] related to the placement of 159.999 billion bolivares in treasury bonds intended to meet the country's public debt obligations.

The ministry's information, which was disclosed by the Finance Ministry Communications and Public Relations Directorate, explains that placement of the first issue of the series was completed at the beginning of December 1994. The announcement also stresses that the entire issue was sold out in less than a month, which is evidence of strong market interest in this new instrument.

That is how, the announcement adds, the BCV is helping to promote alternative instruments to the zero coupon bonds, which have been very useful for the execution of the monetary policy developed by the BCV, along with the credit policy followed by the Finance Ministry.

New Defense Minister Rules Out Possibility of Another Coup

PA0701020095 Caracas EL NACIONAL in Spanish 5 Jan 95 p D-1

[Report by Freddy Torres]

[FBIS Translated Text] After he was sworn in by President Rafael Caldera as new defense minister, Division General Moises Orozco Graterol said the National Armed Forces (FAN) will have unconditional loyalty to the head of state, and he expressed the FAN's respect for the democratic system and its institutions.

Gen. Orozco guaranteed the continuity of the plans started by former Minister General Rafael Montero Revette to improve the well-being of Armed Forces personnel and the institution's operational capacity.

He stressed that the FAN is conducting great efforts to protect the border areas—a matter he admitted is critical and worrisome.

Orozco Graterol said the patrolling of these areas will be reinforced to enable them to become bustling borders occupied by Venezuelans through development plans.

He expressed satisfaction over taking control of a FAN that is united and firm in its determination to comply with the constitutional duty of guaranteeing security, defending the country's territory, and respecting the democratic institutions.

He said there are no problems within the FAN at this time, noting that the demands made by some officers have been met. He added that he will continue implementing programs initiated by former Minister Montero Revette to improve the social well-being of Armed Forces personnel.

When asked whether he ruled out a third military rebellion, he categorically replied: "The possibility does not exist."

He stressed that in conducting its work, the FAN is guided by unconditional loyalty to President Rafael Caldera, "who has established a frank dialogue with us, and who has supported us in finding solutions to all of our problems, particularly concerning the operational needs and wellbeing of our personnel."

A Coup Cannot Be Ruled Out Completely

Meanwhile, Division General Rafael Montero Revette, the outgoing minister who retired yesterday, said he hopes a new military rebellion will not occur. He noted that the current climate in the country will not encourage a coup. He added, however, that "one cannot totally rule out that possibility."

Regarding his new plans, Montero Revette admitted that he will take a vacation, because he has not had time for one in 10 years. "After that, I will think about what I will do." He added that in any event he will continue working to help Venezuela.

He denied plans to participate in politics. "I was not born for that. My military background does not let me engage in those activities. I respect politicians, but I will not actively participate in politics."

He expressed his satisfaction with his work leading the FAN. "I fulfilled my mission the best I could," he said, but he admitted that all the problems were not resolved.

He noted, however, that he is pleased because "we are leaving the FAN united and without any problem, with a social welfare program that I am sure the High Command will continue and improve."

Foreign Minister Comments on 1995 Agenda, Agreements With Israel

PA1001015195 Caracas Venezolana de Television Network in Spanish 1630 GMT 9 Jan 95

[From "The News" newscast]

[FBIS Translated Text] Resolving security problems with border countries and developing trade strategies are priority issues on Venezuela's diplomatic agenda for 1995. According to Foreign Minister Miguel Angel Burelli Rivas, Mexico's economic situation has not greatly affected relations with the Group of Three. He believes that Mexico will overcome its crisis rapidly because it has received international aid amounting to $24 billion. In addition, he mentioned Israeli Foreign Minister Shim'on Peres' visit to Venezuela.

[Begin Burelli Rivas recording] We have three agreements: economic cooperation, trade, and one to eliminate the need for visas. The economic cooperation agreement will serve as a framework for all other agreements with Israel. [end recording]

Finally, a Republic of Guyana representative is expected in Venezuela late in February to discuss border security.

Roundup of Economic Developments

PA0901134495

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Venezuela monitored through 8 January.

Venezuelan Petroleum, Inc., PDVSA, reported that 639 billion bolivares were invested in the sector in 1994 and announced that 902 billion bolivares will be invested in 1995, a 41 percent increase. The information indicates that PDVSA's financial situation is healthy, primarily due to its capital yield, which rose from 19 percent in 1993 to 21 percent in 1994. PDVSA's net profits increased 8 percent in 1993 to 12 percent in 1994. Moreover, PDVSA's affiliates—Lagoven, Maraven, and Venezuelan Petroleum Corporation, Corpoven—report 250.076 billion bolivares in net profits. (Caracas EL UNIVERSAL in Spanish 2 Jan 95 Section 2 p 2)

Corpoven's sustained growth continued in 1994 with an income of 2.483 billion bolivares, 203 million bolivares of which were paid in taxes, and a net profit of 53 billion bolivares. Outgoing Corpoven President Roberto Mandini reported 582 billion bolivares in sales; 514 billion bolivares in exports and 68 billion bolivares on the domestic market. Its daily production in 1994 exceeded the 800,000 barrel mark, which is 75 percent more than in 1986, when Mandini assumed his post. Furthermore, production increased 120 percent compared with 1986. The corporation's achievements in 1994 include using 96 percent of its gas and a 30 percent increase in its production of liquids (butane, ethane, natural gasoline) compared to 1993. The corporation had a total reserve of 30.580 billion barrels of oil. (Caracas EL NACIONAL in Spanish 2 Jan 95 p D-3)

Omar Petit Da Acosta, materials manager for Maraven, a PDVSA subsidiary, has reported that in 1994 the corporation disbursed more than 100 billion bolivares to purchase materials and equipment for operations, maintenance, and expansion programs. Of that amount, 53.8 billion bolivares represented local purchases, nearly twice the amount purchased in 1993. (Caracas ECONOMIA HOY in Spanish 6 Jan 95 Section 1 p 8)

The Deposit Guarantee and Banking Protection Fund, Fogade, budget increased 2,000 percent in one year given the economic crisis unleashed by Banco Latino. In 1993, Fogade operated with a budget of approximately 62.6 billion bolivares: 33.255 billion in bank contributions and 29.605 billion in trusteeships at various banks. The organization began 1994 with a budget of approximately 70 billion bolivares in public debt bonds, treasury notes, zero coupon bonds, and private stocks and bonds. Fogade was compelled to seek advance payments from the Central Bank of Venezuela, BCV, to fulfill the demand for funds. Fogade's debt with the BCV increased to 800 billion bolivares by June, and the National Congress approved a special law authorizing the executive branch to conduct public credit operations to give Fogade 400 billion bolivares. In August Congress also approved a 1.6 trillion bolivares budget for Fogade so it could meet its commitments, particularly a 1 trillion bolivar debt to the BCV. (Caracas EL NACIONAL in Spanish 2 Jan 94 p D-3)

Fogade has absorbed Banco de Venezuela's losses by replenishing its funds and raising the institution's assets by more than 13 billion bolivares. The restoration process was reinforced by an increase of 40 billion bolivares in deposits during August and September 1994. Saving deposits rose by more than 100 billion bolivares from 120,000 new savings accounts. (Caracas Union Radio Network in Spanish 2200 GMT 3 Jan 95)

At the close of 1994, the Treasury showed a deficit of more than 177.27 billion bolivares, according to anonymous sources. The figure results from 357 billion outstanding credit from the 1994 budget versus the 180 billion in reserve. (Caracas EL UNIVERSAL in Spanish 6 Jan 95 Section 2 p 1)

The Foreign Trade Institute reported that on 30 December Venezuela gave the GATT secretariat's depositary in Geneva the country's ratification of the agreement to create the World Trade Organization. With this agreement Venezuela has markedly improved the access of its products to the world market through tariff reductions between 39 and 90 percent. These reductions will be implemented in January 1995. (Caracas EL GLOBO in Spanish 3 Jan 95 p 9)

According to a 6 January, Caracas-datelined report quoting the Superintendency of Foreign Investment Office, total direct foreign capital arriving in Venezuela in 1994 amounted to $635.744 million, and $200.483 million was received in December alone. (Hamburg DPA in Spanish 2159 GMT 6 Jan 95)

According to the Colombian Embassy in Caracas, Venezuela owes Colombia $55 million, which will begin to be amortized next week through the Latin American Integration Association's Reciprocating Payments and Lending Agreement. (Caracas ECONOMIA HOY in Spanish 5 Jan 95 p 14)

The Caracas stock market's total volume of operations increased more than 163 million bolivares, or 14 percent, over the 1993 figure. (Caracas Union Radio Network in Spanish 2200 GMT 3 Jan 95)

According to the Central Office for Statistics and Data Processing, the unemployment rate reached 8.7 percent in the second half of 1994. This represents 688,000 jobless people, a number similar to the first half of the year. As of the second week in December 1994, there were 7,912,000 people in the country's work force, 7,223,000 of whom have a job. (Caracas EL GLOBO in Spanish 3 Jan 95 p 9)

Deputy Tax Superintendent Gustavo Rivera reported that the aliquot part applicable to the sumptuary goods and wholesale tax increased 11 percent. (Caracas Union Radio Network in Spanish 2200 GMT 3 Jan 95)

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